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JPRS 82957

28 February 1983

West Europe Report

No. 2106

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PCI'S RUBBI ON PEACE MOVEMENTS' EFFECT ON DISARMAMENT TALKS

Rome RINASCITA in Italian 7 Jan 83 pp 17-18

[Article by Antonio Rubbi: "Original, Not Unilateral"]

[Text] The pacifist movements in Europe and their influence on the disarmament negotiations.

Until recently there was no lack of critical and destructive opinions that considered the many anti-war initiatives to be a phenomenon destined to die out. But today no one can ignore any longer the importance of these movements, which are an important force for peace and development. It would be blindness to ignore the new Soviet initiative on Euromissiles. The significance and the value of the Italian Communist Party's proposals.

The hundreds of thousands of persons throughout the whole Italian peninsula who for 3 weeks have generated the numerous actions initiated in connection with the Milan-Comiso peace march; the mass assemblies in the neighborhood of the bases intended for Pershing missiles in various localities of the German Federal Republic; the 30,000 Englishwomen who, braving the inclement weather, assembled in front of the Greenham Common base in the London countryside; these, in chronological order, were the latest great popular demonstrations against armaments and for peace in Western Europe. And they also were the result of a pressure which in 1982--as the important message from the Pope recognizes--"saw the growth of movements, especially youth movements, committed to creating awareness of the need to eliminate not only any war but also anything that can lead to war."

When these movements emerged in the fall of 1979 there was no lack of harsh critics and destructive judgments. There were those who, believing that world peace was in no danger, denied the need for them and termed them a pure and simple partisan propaganda operation, or in any case, a phenomenon of slight importance, a sudden flame destined to die out quickly. They did not then understand, and today some still persist in not wishing to understand, the new and profound motives which were at the

root of those movements, and which would have nourished their irresistible growth. The terrifying levels reached in the field of nuclear armaments; the multiplication of armed conflicts and centers of tension in various regions of the world; the lacerating imbalance which in the immense underdeveloped area is worsening into conditions of absolute poverty and starvation; the outbreak of the world economic and financial crisis and the extreme exacerbation of international relations. From all this arises an awareness of the increase in the dangers and threats which weigh down on world peace; in particular, the development, in quantity and quality, of new nuclear armaments, accompanied by military doctrines on the use of the atomic arm in "nuclear wars, limited in space and extended in time," deemed possible and practicable.

All that has acted on [peoples'] consciences, has aroused anguish and fear, has hastened the reaction against the real danger of the holocaust, the more so in those zones of the world which have the largest concentration of atomic arms and where the installation of new, more terrifying nuclear implements is sought. That is why it happened that during the past three years these movements, instead of dying out, have grown and become more widespread. Geographically: from Western Europe to the United States of America, to Canada, to Japan, even to emerge as well in completely new ways in the countries of Eastern Europe, as in the FRG and Hungary. Politically: in the sense that in an action for disarmament and peace large influential sectors of science and culture, eminent political personalities, church hierarchies, and various movements of Christian orientation, entered the field, in addition to the great masses of workers, women and young people.

Today the dimensions and weight of these movements are such that no longer can anyone allow himself to ignore them or underestimate them; nor can one who is called on to negotiate on the subject of armaments fail to take into consideration the proposals on which these movements have taken a position: freezing of nuclear arsenals, renunciation of first-strike use of nuclear weapons, balanced reduction of nuclear and conventional armaments.

Then, it is sought to demonstrate that the inspiration and direction of these movements is unilateral, that is, tending to favor only one of the parties involved. Certainly, within these movements it is possible to single out even Utopian or sectarian positions (and that is the very reason for defining these movements in the plural, it not being possible to sum up into a single pattern and orientation the plurality of forces and idealistic and political positions involved). But it would be confusing and misleading to adjudicate to these the most essential and distinctive expressions and components of the composite array of peace forces, which struggles against all missiles, from West and East; against all acts impairing the sovereignty of each country and the rights of each people; and which brings forward solutions of peace, security, detente, and cooperation of equal merit and meaning for all states and peoples.

This is the true aspect, the true substance of the pacifist movements of our times, movements that are absolutely original with respect to past

experiences, and totally autonomous, whose motivating ideals and whose initiatives are not directed in favor of one bloc with respect to the other; rather, on the contrary, they are prevalently directed against the logic of political and military blocs, against the mad, ever more destructive and costly arms race. They propose to block this race and to exercise a pressure which will lead to genuine negotiations and effective measures for progressive, balanced, and controlled reduction of armaments in either camp. Only those who have an interest in assuring themselves the supremacy, in imposing the rule of might, in practicing power politics, in maintaining and perpetuating frontal oppositions and ideological divisions, can fear these movements and seek to contain and discredit them. But those who are interested in dialogue, detente, disarmament, peaceful cooperation and equality of states and peoples, ought not only to understand the basic reasons for these movements and the source of the broad popular consensus which legitimizes them, but should make them a powerful lever to affirm a policy of peace and development. That is what we Italian Communists are seeking to do, committed as we are to participate in these movements with all our energies, with our whole contribution of ideas and initiatives, yet respecting their pluralistic character and their autonomy.

We have rejected unilateral positions and we reject them not only within the peace movements, but also on the outside. It is worthwhile to recall here our position with regard to the April 1980 Paris meeting of European Communist parties. Our non-participation, along with nine other communist parties, gave rise at that time to a number of perplexities and a few misunderstandings, even within our party. I think the experiences achieved in these years constitute the most convincing testimony to the correctness of that position. We said then that, on the basis of the unilateral analysis and the partisan objectives defined in the Paris meeting and set forth in its concluding document, not only would it not have been possible to generate any solid peace movement in Europe, but one could arrive at the contrary objective: divide the movements which were already to be seen and extinguish them from the outset. What had developed in the minds of the great popular masses was then and is now moving, not in the direction shown by the Paris meeting, from whose concluding document no initiative arose capable of mobilizing the people, but in the direction of the new pacifist movements, which demand deeds and actions for peace, in equal measure, from the West and from the East.

The criticism of unilateralism directed against the pacifist movements does not hold up when confronted with their real positions, when confronted with the fact that in these three years they have extended, developed, and taken root in the conscience of the broad masses. That would not have happened if they had appeared as the expression of one-sided interests. The only ones who can persist in this wholly self-serving criticism are those who still approach the dramatic problems of the contemporary period (war-peace, armament-disarmament, hunger-development) with the yardstick of ideological prejudices, of division into camps, and political and cultural dependency.

If one should mention a limitation in these movements then it seems to us that the limitation is that of not having yet succeeded in expressing a precise political proposal beyond the just and unanimously agreed one of

freezing nuclear arsenals. Blocking the armaments race and freezing nuclear arms would certainly be an important result; however, limiting and reducing these arms would represent a qualitatively new and decisive goal in the struggle for safeguarding peace. Hence, the importance of achieving concrete results in the process toward effective disarmament measures, and the role which the negotiations can and should assume to this end. It has been said that the objectives that the peace movements fix for themselves cannot be circumscribed within the framework of negotiations. That is certainly true and it corresponds to the idealistic, humane, broader and deeper motives of these movements to what has been defined as "a new peace culture." But we consider it would be a serious error if the occasion of the negotiations and the results that can and should be reached through that route were underrated. That would mean, above all, downgrading one part of the work accomplished and the objectives already achieved. If the two great powers have been induced to open negotiations at Geneva on strategic arms and Euromissiles, the pressure exercised by the pacifist movements in Europe and in the United States had a not unimportant role in that. If at the negotiating table today innovative elements are entered into the formulation of proposals by both parties, it is the peoples' voice, which asks not for propaganda in the field of armaments but for concrete acts and verifiable measures, which cannot but have had its influence.

If we truly wish to avoid the installation of new missiles in our own and in other European countries, and [bring about] the dismantling, in full or in part, of those already in existence, this is more than ever the occasion to put maximum pressure on the Geneva negotiators and on the content of the negotiations. The fact that the United States is beginning to state its readiness to move to a negotiating basis that is different from the unrealistic "zero option"; and that the Soviets are advancing the proposal to reduce strategic arms by 25 percent, and the number of their SS20's in Europe to the quantity of missiles of Great Britain and France, is an encouraging beginning. Probably not even these will be the bases of a possible agreement, but it is certainly important and positive to overcome the phase of a priori disagreement and of partisan propaganda, in order to guide the negotiations onto the tracks of a serious and constructive meeting. When the talks in Geneva reopen next 27 January around the table of the two negotiators the meeting can finally take place over concrete data and proposals.

The pacifist movements should direct their effort so that this negotiation should have an outcome tending to bring downward the nuclear balance in our continent. But for that it is necessary that the pressure be directed toward the two negotiators, toward the interested governments, including the Italian government, and induce them to assume consequent positions. It would be proof of political blindness not to grasp the newness and the import of the new proposals on the subject of Euromissiles advanced by the Soviets. The rapidity with which the Farnesina, unlike other European governments, once again aligned itself with the most extreme part of the Reagan administration demonstrates the lack of original ideas on the subject and of a willingness to grasp at every useful and positive sign of hope. And the Soviet proposal, which should be considered in the context of the

new opening toward the United States which Andropov made in the end-of-the-year interview, seems to us to be more than a sign of hope.

It is a question of a new negotiating platform in which there is no further reference even to the advanced American bases, which it would be calamitous not to weigh with due attention, and worse yet, to let drop without discussing its essential elements. In our view it is not a matter of take it or leave it, but to give a new impulse now to the negotiations on a basis that can open the way concretely to avoiding the installation of the Pershing and the Cruise [missiles], thus placing oneself in the possibility [prospettiva] of a serious search for equilibrium at the lowest realistically possible level.

By negotiating constructively and with determination it is not improbable that new margins may be opened and that one may go even further. But what should be abandoned is the negative wish to deal from positions of power.

The two proposals we recently advanced seem to us to be more than ever timely and reasonable: 1) exclude any automatic aspect from the Brussels decisions and couple the achievement of this decision to the times and concrete results of the negotiations under way in Geneva, now open to new possibilities; 2) during the period of negotiations suspend the construction of the base at Comiso as a concrete gesture attesting to Italy's wish to contribute constructively to a favorable outcome of the negotiations.

Regarding our proposals, the criticism is leveled against us that they would weaken the negotiating positions of NATO, and that if there were no positions of power the Soviets would no longer make any concession whatsoever. May we be allowed to observe that the Brussels decision was based on a double assumption: the "yes" to missiles was contextually and immediately linked to the decision to open negotiations with the Soviet Union with the objective, as written in the Chamber's resolution of 6 December 1979, "...that it be possible to suspend these measures if the negotiations should take place in a concrete and satisfactory way..." Has not the moment perhaps arrived to also put into action the second part of the Brussels decision? Until now the first part has prevailed: first the missiles, then the negotiations. It seems to us that now all the conditions exist for exploring thoroughly the possibilities offered by the second part. And, finally, it is not certain that the Soviets will not make other moves at the negotiating table. What does seem certain is that they indeed could hardly do so if they first waited until the 572 Pershing and Cruise missiles were installed. And the time that remains at our disposal is extremely short, barely one year.

For these reasons it seems to us that today the peace movements should place the Geneva negotiations at the center of their effort, put pressure on them, so that the results are such as to avoid the introduction into Europe of new deadly nuclear arms, to considerably limit and dismantle those already present; to ensure balances of mutual security at lower levels of armaments and of higher levels of mutual faith and cooperation between the two parties and among all the states of the continent.

STEEN WOULD FREEZE WESTERN INFERIORITY IN MISSILE RACE

Oslo AFTENPOSTEN in Norwegian 15 Jan 83 p 3

[Article by Thorleif Andreassen]

[Text] Reiulf Steen believes that the Labor Party congress will adopt a missile policy that would follow the Swedish/Mexican proposal: the number of nuclear missiles would be frozen at the present level! This would be a clear break with the NATO disarmament strategy.

"The congress wants to make clear that the party opposes any increase in nuclear stockpiles. It would be inconsistent to support a 'freeze' and, at the same time, support the deployment of new nuclear medium-range missiles in Western Europe," said Steen, who stated that Norway's handling of the missile issue had been unnecessarily clumsy.

"We must be able to talk across party boundaries in order to reach an agreement on vital defense and security policy questions. Everyone in the political arena must make a special effort to conduct a security policy debate that will not cause irreparable damage to cooperation among political parties," Steen said.

It was pointed out that it was the Labor Party itself that had abandoned the security policy upon which there had been general agreement previously.

"On issues of this type there must be continuous communication in good faith among party leaders and among the various organs of the government and parliament. This communication hardly has been sufficient on the missile issue!"

He was asked whether such contact would have changed the course of the Labor Party.

"The problems involved in the critical parliamentary debate were psychological to a great extent. They also indicated clearly that people had not talked to one another enough. This led to a vote of no confidence against Sjaastad and the freeze proposal at the United Nations contained aspects that people outside parliament found difficult to understand. It is encouraging that people reacted negatively to the manner in which we conducted the debate. It seemed

meaningless to most people, considering the overwhelming reality with which we were dealing--namely the question of war and peace."

Despite conversations across political lines, it will be extremely difficult to stop the impact the missile issue is having on the Labor Party.

"That is correct, but we must make perfectly clear in the beginning what the source of disagreement is: not affiliation with NATO, but our negotiating strategy."

"If, in a small country, there is serious disagreement over the major features of security policy, the situation for that country may become extremely dangerous. This is true regardless of what security policy the country has," Reiulf Steen warned.

He was asked what he would do to prevent such a dangerous situation.

"First we must define the major issues on which we agree. One such issue is Norway's deep roots in the Western defense alliance. A firm belief in this position need not prevent a debate over what strategy the Western defense alliance should have."

Reiulf Steen has no fear whatsoever that NATO unity would be damaged if Norway dissented in important decisions made by the alliance. In general, he believes it is an advantage to base cooperation on the principle that discussions must lead to common conclusions. "But loyalty is not the same as servility. Thus, it must not mean restricted debate in the NATO countries. This is one of the main reasons for having NATO--namely free debate, which is a necessary component of democracy."

He was asked if it were good that the debate was held in public.

"There seem to be certain short-term unpleasanties that are avoided in totalitarian states. But I am convinced that even from a security policy standpoint democracy provides a certain strength that is lacking in totalitarian countries. For example, what effort would a Polish soldier make in a confrontation between the Warsaw Pact and the NATO alliance," Steen said.

In order to achieve the final goal of disarmament, it is important for the West to stand united behind NATO's negotiating plans: if negotiations fail to achieve results, the Soviet Union must know that NATO will deploy new nuclear missiles in Europe. Now the Labor Party has abandoned this strategy, which the party itself helped form.

"The debate in Norway over negotiations and nuclear strategy is not a specifically Norwegian phenomenon. It reflects the situation that has developed between the United States and Western Europe, particularly after Reagan became president of the United States. This is a political reality we must accept."

By abandoning a joint Western strategy?

"Of course, we all are striving for a bargaining position with as much unity as possible on the part of NATO. We must say, however, that Reagan represents a new phase because of his tough policy of confrontation and arms buildup. In this area, it is our job to give as much support as possible to moderate forces in the United States and not to the hawks in Reagan's own party."

It is an accepted policy that our views should be promoted in NATO organs. The Labor Party's action has broken the unity over NATO's deterrent effect. Is this strategy designed to achieve meaningful disarmament negotiations?

"There always has been public debate in the various countries over the different sides of NATO policies."

Many people now believe that the debate is becoming disturbingly loud.

"In many ways, the deployment of new missiles is an exceptional phenomenon. It is a question of American missiles that are to be deployed in Europe. This affects Europe more than the United States. In Europe we have every reason to conduct at least as open a debate over this issue as the debate in the United States. My views are no more unusual than those probably held by many American congressmen," said the former Labor Party chairman who, in spite of everything, is an optimist. "Recent statements by Andropov and Reagan are encouraging. They could lead to a breakthrough in the disarmament negotiations." Reiulf Steen hopes so--and so does everyone else.

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CSO: 3639/54

ARMS THEFTS ALLEGEDLY LEAD TO LARGE NETWORK

Drama Arms Theft Investigated

Athens AKROPOLIS in Greek 1 Feb 83 pp 1, 7

/Text/ Investigations into the theft of large quantities of arms and explosives from a military unit of Drama 4 days ago are leading to signs involving large-scale arms merchants.

This latest case is already being linked to other thefts of military materiel that have occurred recently in military units in Evros and Khios.

Investigations in Drama are being conducted in great secrecy, while the prime minister and GEETHA /National Defense General Staff/ and Army General Staff chiefs are being constantly informed of developments. An officer who is involved in the investigation characteristically said yesterday: "This involves a very very serious matter."

Gang

Up until now, a soldier (warehouseman) of the Drama PAP /Advanced Supply Depot/ has been arrested and has confessed.

However, investigation authorities believe that there must be a gang behind him that plans the "operation," persons who transported the stolen goods and --especially-- those who had undertaken their disposal to their "customers."

A Ministry of National Defense source said yesterday that "only six hand grenades and a limited number of smoke bombs" were stolen from the Drama PAP. However, according to positive information, the amount of war materiel stolen is much greater: More than 50 hand grenades, explosives and even the latest model machine guns! Teams are already undertaking a count of equipment at the 15th PAP warehouse in Drama to ascertain exactly the number and kinds of stolen arms and explosives.

Data

Heading up the investigation is Major General Ritsikakis, commander of the 11th Brigade. The following has become known from data that has been assembled up to now:

- There is a direct link between the theft occurring in the Drama PAP and similar cases in Evros and Khios recently.

- Behind the many recent thefts in military units is a gang of arms merchants whose customers are up to now unknown.

According to positive information, the arms stolen a few days ago in Drama are in the hands of accomplices of the gang which has a "branch" located in Xanthi. These weapons had been transported from the unit by a "blue-colored truck" that is being sought by military authorities.

'Juntist' Destabilization Seen Probable

Athens I AVGI in Greek 1 Feb 83 p 5

/Editorial: "Theft of Arms"/

/Text/ We have already written that because of the theft of arms from the military unit of Khios, competent authorities should have, instead of conducting searches of homes of leftists, sought the solution by going in a completely different direction. Such kinds of thefts can be inspired and directed by various gangs but it is logically difficult to perpetrate a theft if a confederate is not actually inside the unit itself. Indeed, this syllogism was confirmed by the new theft of 60 hand grenades and explosive material from an ammunition dump of the Drama guards military school. The culprit in this theft was revealed to be the warehouseman himself who, according to press reports, confessed his deed. We believe that the investigative authorities will track down other accomplices and a mysterious game will be uncovered involving the theft of arms that has threatened to assume epidemic proportions. An afternoon newspaper has already written that the culprit had connections with persons who served in the ESA /Greek Military Police/. There is nothing to preclude saying that junta-fascists are heading up the operation for the purpose of destabilization, something toward which reactionary forces are working from various battlements (see the so-called strike of private bus owners who are accompanying their strike with acts of violence). The Drama warehouseman can be the key for targeting an entire operation that is working with all means to undermine change and weaken democracy. For that reason, the investigation must go forward in depth.

5671

CSO: 3521/181

BUSINESSMEN DECRY BASQUE SITUATION AS RESULT OF TERRORISM

Madrid EL ALCAZAR in Spanish 13 Jan 83 p 9

[Text] Yesterday the Guipuzcoa Businessmen's Association, ADEGUI, made public a communique in which they qualify the situation created in the Basque provinces by the terrorist acts as untenable, made worse in the past few days by the kidnapping of the youth Miguel Echeverria.

The following is the full text of the communique:

"Having just barely overcome the trauma of the kidnapping of Saturnino Orbegozo, a new and particularly repugnant act, the kidnapping of Mikel Echeverria, has again plunged us in perplexity and indignation, spreading a feeling of frustration and discouragement over all levels of our society, especially among the businessmen.

"Society must evaluate calmly, but severely, the serious times we are going through, as well as the serious and irreversible consequences that may arise from this situation.

"In the midst of the greatest crisis of our recent history, which is affecting all countries but which takes on a special dimension in our province due to its particular industrial and social structure, and which is reflected in so many indicators, such as the level of unemployment, business closings and lowering of the standard of living, etc., workers and business have made and continue to make a gigantic effort to overcome.

"The task of the business sector, so many times misunderstood, besides dealing with the threat of the economic crisis over the past years, has also been enduring coercion, extortion and blackmail, to the point of coming to an untenable situation. Nevertheless, despite the threats, attacks and lack of understanding, the Guipuzcoan business community has not abandoned its responsibilities, and has confronted these things with the full conviction that it was cooperating with the rest of the social forces to overcome the present and to build the kind of country we all desire.

"With the moral fortitude that goes along with this constantly maintained attitude, we are alerting all of society and its institutions to the grave consequences that are resulting from their maintaining their position of harassment and insecurity, which may ruin all the efforts that have been made.

"No more time can be demanded from the businessmen, who continue to maintain the illusion and spirit of struggle, having to cope at the same time with the economic problems and threats, attacks, extorsions and blackmail directed against them personally and their family circle.

Struggle Against Terrorism

"The struggle against terrorism can only be undertaken through the effort and collaboration of all society, which should be aware of the moral disintegration created and of the gradual desensitizing which exists when faced with threats, kidnapping, blackmail and assassination, which are viewed as problems of specific individuals or families, when in reality they are being directed against society itself.

"A degraded, demoralized and isolated land can never be the proper framework for the development and flourishing of the ideas and initiatives which have been the basis for our progress, and which we so desperately need.

"It cannot come as a surprise to anyone that the demoralization of the businessman is accelerated when he sees himself incapable of keeping up the fight by himself.

"In light of the circumstances, only the vigorous and firm reaction of society as a whole can still sustain the hope for the future.

"We are aware that the battle against terrorism is hard and long, and that it is going to demand serious and constant efforts. Joint or partial measures are worthless if the issue is not attacked in complete depth.

"Therefore, it is necessary to act within the context of an overall plan in which all aspects, political, social and police, are considered together.

"In this sense, the greatest responsibility rests with the institutions, and in this specific case, with the central administration and the autonomous government, to whom we appeal to exhort them to concentrate their efforts and to be able to awaken the hope, support and cooperation of the parties, other institutions, and citizens in general. This is the prime task that should be at the forefront of the joint proposals.

Payment of Ransoms

"We more than anyone else are against continuing to view as normal the payment of sums for revolutionary blackmail, or as ransom for the life of kidnapped people.

"Nevertheless, we feel that given the complexity of the issue, and the real defenselessness which exists, the adoption of concrete and drastic measures in this regard should be evaluated carefully, measuring their timeliness in order to avoid a precipitous action which could result in effects contrary to those being sought.

"In this sense, in these times of anguish for the Echeverria family, our greatest concern is for the life of Mikel, and we believe that all efforts should be directed with the full priority of obtaining his safe and sound return."

9730

CSO: 3548/99

OIL IMPORTS PICTURE FOR 1982

Lisbon A TARDE in Portuguese 18 Jan 83 p 11

[Excerpts] Oil imports for 1982 are estimated to have reached 206,111,000 contos compared with 148,572,000 during the previous year, according to information released by the Directorate General of Energy.

In 1982, Portugal exported 18,105,000 contos worth of petroleum products, which represents a negative balance in the invoicing of 188,006,000 contos, or 54.1 percent of the total trade deficit.

The worsening of oil invoicing was due basically to the re-evaluation of the dollar in 1982, despite the fact that the price of crude oil declined on the international markets.

Due to developments in the exchange rate of the escudo in relation to the U.S. currency, in which oil imports are paid, Portugal was unable to benefit from the drop in prices for crude oil and allied products, contrary to what happened in other European countries.

In the past six months, oil imports experienced a substantial increase in finance charges in Portugal, not only through the need for such charges brought about by an increase in consumption but also through the exchange factor.

Consumption Estimates

Figures furnished by the Directorate General of Energy indicate that, in 1982, 656,000 tons of premium gasoline (estimate figure) were consumed, compared with 608,038 tons the previous year and that there was a decrease in the consumption of regular gasoline (161,000 tons compared with 168,153 in 1981).

There was a gradual increase in the consumption of diesel oil and diesel fuel with, respectively, 1,782,836 [tons] (in 1981) and 1,920,000 (1982 estimate) and 3,733,920 [tons] (1981) and 3,930,000 (1982 estimate).

In 1979 and 1980, more regular gasoline was consumed than in the following two years (184,989 and 180,053 tons, respectively), which presupposes a general tendency to use higher octane fuel in combustion engines to avoid maintenance costs (shops for engine tuning and other repairs).

Byproducts of greatest consumption were fuel oil (44.9 percent), diesel oil (21.4 percent), premium gasoline (7.3 percent), regular (2.0 percent) and heavy gasoline (2.4 percent). With regard to gas, there was an increase in the consumption of propane between 1980 and 1981 (13.4 percent) and a decrease in that of butane (5.1 percent).

With the recent increase in the price of fuels, Portugal became second among the European countries which charge the most for the two types of automotive gasoline, respectively 74 and 70 escudos per liter, exceeded only by Italy where premium gasoline costs 75 escudos per liter.

8568

CSO: 3542/21

NATURAL GAS ALTERNATIVES BEING STUDIED

Lisbon DIARIO DE NOTICIAS in Portuguese 13 Jan 83 p 7

[Excerpts] Consideration of natural gas as an energy source in Portugal is confirmed by Baiao Horta, minister of the energy sector, in a press release published yesterday in DIARIO DA REPUBLICA, and the public firm Petroquimica e Gas de Portugal has been asked to study the matter.

According to the legal text, it is possible that, before the end of the year, a final decision will be made for the above firm--contingent upon the government's conclusions--to prepare a preliminary plan for a terminal and storage facility for natural gas with the aim of introducing that energy source into the country.

The ministerial dispatch stresses the urgency of reaching certain decisions, such as that under consideration, and a survey of existing coal resources in Portugal.

Meanwhile, in view of the complexity of the options involved in the elaboration of the natural energy plan, still in the discussion stage in the government, it is expected that its complete approval will still be delayed.

In the dispatch, Petroquimica e Gas de Portugal is encouraged to "equate and budget the alternative solution or complete Portugal's connection with the European gas pipeline network to evaluate the feasibility of its adoption."

Baiao Horta's dispatch instructs Petroquimica e Gas de Portugal to make a comparative study, by the end of the year, of alternative solutions for building up a strategic reserve corresponding to the consumption of gas piped during a period of 90 days.

It instructs the firm to pursue contacts with possible natural gas suppliers to assure the possibility of long-term supply contracts with European countries which are importers of liquefied natural gas to establish a plan for mutual support in the supply of gas.

The dispatch includes measures aimed at stepping up research in the area of national coal resources.

The delay in the approval of the national energy plan is due to the fact that the government has not reached any agreement with regard to the nuclear option foreseen in the plan for the supply of energy beginning in 1995.

Inasmuch as each nuclear power plant takes about 10 years to build, the nuclear option will have to be decided very soon; in this connection, the EDP [Electricity of Portugal] has a work group which is studying possible locations for power plants in Portugal.

8568

CSO: 3542/21

NATURAL GAS SUPPLY CENTRAL TO ALGERIA

Madrid EL PAIS in Spanish 18 Jan 83 p 39

[Article by Alberto Valverde]

[Text] Central problem of conversations: Natural gas supply for Spain. The administration has the intention of raising the conversations which ENAGAS (National Gas Enterprise, Incorporated) was conducting with the Algerian enterprise SONATRACH [National Company for the Transport and Marketing of Hydrocarbons], concerning the supply of natural gas to Spain, to the status of political negotiations by including them in the field of political and economic relations with Algeria. Reliable sources hinted that the new cabinet will shortly open a channel of negotiations with Algeria which, within a probable agreement on political and economic co-operation, will include the revision of the contract that, signed in August 1975 and revised provisionally in July 1979, governs relations between the two government gas enterprises.

Over the past 10 years, Algeria has become the country with which Spain has accumulated the greatest financial risk as part of its strategy of opening up new markets. Reliable sources figure this risk at more than \$1 billion (something like 125 billion pesetas), an amount that is equivalent to 25 percent of the commercial risk which the Foreign Bank of Spain, for example, has with foreign countries. The need for starting general negotiations with Algeria springs not only from the uncertainty regarding the natural gas supply contract but also from the greater financing requirements arising on the Algerian side. Just 2 months ago, the Algerian government asked for an increase of 20 billion pesetas in some Spanish lines of credit to finance a project in which Spanish entities already have granted loans in the amount of 60,000 billion pesetas.

The opening of negotiations, according to reliable sources, depends on agreement among the Ministries of Industry, Economy, and Foreign Affairs, on that score and, in a certain sense, on the conclusion of similar negotiations which the Algerian Government is conducting parallel to these negotiations

with the Italian Government and some U.S. firms specifically regarding natural gas supply prices. Nevertheless, one may foresee that the first contacts toward this end may begin prior to a maximum interval of 3 months.

In spite of the inconveniences connected with the possible increase in the Spanish venture in Algeria, the new administration's idea regarding the so-called Algerian problem is to follow the model which was worked out at the time by the administration of President Mitterrand who, just a few months after his election victory in France, signed a broad political and economic cooperation agreement with Algeria; the central aspect of that agreement involved the sale of natural gas produced in Algeria. In that agreement, France accepted the Algerian idea of fixing a "political price" for Algerian gas but in return for some very specific compensations in the commercial and economic fields. The same line had earlier been pursued by Belgium and later on by Italy.

Disputed Points

At this time, negotiations between ENAGAS and the Algerian company SONATRACH are continuing uninterrupted in the hope that both governments will generalize their bilateral relations. The last negotiating sessions between the two companies--aimed at a stable agreement that would take the place of the provisional agreement worked out in July 1979--was held in November and the only thing that was achieved was to fix the respective positions on the two points under dispute, that is, the quantities of gas acquired by Spain and the price.

The Algerian company is trying to raise the price agreed upon for the gas it supplies to Spain and furthermore demands that the Spanish company carry out the contract governing its relations regarding the purchase of the quantities agreed up. According to that agreement, ENAGAS must each year procure 45 billion cubic (4.5 million tons of petroleum equivalent) of natural gas and, under the provisions of the "take or pay" clause, included in the contract, it must pay the entire amount agreed upon, regardless of whether that amount is actually drawn. This clause is harmful to the interests of ENAGAS since, due to the drop in the consumption of this hydrocarbon in Spain, the quantities of natural gas procured in Algeria barely exceeded 15 billion cubic meters last year.

Apart from the dispute over quantities, the main sticking point in the negotiations is the price of natural gas; Algeria demands that there be a considerable increase in the \$4 per million BTU which ENAGAS is paying at the source, in medium-range terms, for its gas purchases. The Algerian idea is that the price should be the one which the French, Italians, and Belgians have agreed to pay for their purchases of natural gas within the "political" contracts that they signed with the Algerian authorities. Algeria is trying to get that formula accepted by all its gas customers as part of its strategy of gradually bringing hydrocarbon prices up to crude prices.

But the drop in oil prices on the international market, along with the resistance of consumers to the idea of accepting gas at prices that are not really competitive, has shattered this Algerian strategy which is now running into heavy resistance from buyer countries that do not want to accept its prices. This is true of Belgium, the first country which in April 1981 accepted a higher natural gas price (\$4.80 per million BTU), in exchange for promises of some favorable relations in the commercial area. The Belgian government now has asked for a revision of certain aspects of that agreement.

The most dramatic example however is the example of Italy which on the government level has signed a political agreement with Algeria; oddly enough, that agreement was rejected regarding the price of gas agreed upon by the government gas company, SNAM [National Gas Pipeline Company]. As a consequence of this dispute on the price, \$4.41 per million BTU at the source (half a dollar less than the price agreed upon by France), the recently finished gas pipeline, linking Sicily with Algeria, is still unused, with a resultant loss in profitability.

Reliable Spanish sources indicate that it is the administration's intention to arrive at some kind of political and economic cooperation accord with Algeria, an accord which, without making the mistakes made by Italy and Belgium, would make it possible to arrive at a compromise on the natural gas problem, based essentially on the maintenance of a competitive price and the fixing of some realistic quantities for natural gas purchases. This agreement would make it possible to extend the Spanish-Algerian understanding to other areas, such as Spanish investments in and exports to this North African country whose trade with Spain is the biggest in terms of volume and value in that area.

5058

CSO: 3548/101

LA RABIDA PETROCHEMICAL PLANT OFFERED TO VENEZUELA

Madrid EL PAIS in Spanish 26 Jan 83 p 41

[Article by Alberto Valverde]

[Text] Madrid--A Venezuelan petroleum group has received a sale offer for the petrochemical complex that the Rio Tinto Explosives Union (ERT) owns in La Rabida, Huelva Province, according to reliable sources. The Venezuelan minister of energy and mines, Humberto Calderon Berti, arrived in Madrid yesterday apparently intent on evaluating the offer of the Spanish group on the spot, although it is very difficult to determine at this time the extent of the Venezuelan interest in the Huelvan refinery and chemical complex. The efforts of this daily to confirm with the ERT the existence of these conversations were unsuccessful

The offer made to the Venezuelan group apparently goes back several months, and, according to the sources that furnished the information, forms part of the Spanish petrochemical group's strategy to garner funds by means of the partial or total sale of its assets. The reaching of an agreement between the ERT and the Venezuelan group would allow the Spanish private concern to raise new funds to help solve its critical financial problems.

The ERT announced last October the suspension of the amortization of its debt, estimated at more than 100 billion pesetas. Since then, the Spanish private group has been awaiting the negotiation of a projected restructuring process, both industrial and financial, with its creditors. The offer to sell the La Rabida complex is not an isolated instance, and other divisions of the concern were apparently offered prior to the appointment of the new president of the firm, engineer Jose Maria Escondrillas.

The sale of the La Rabida complex would deprive the ERT of its main industrial facility in the petroleum division. The ERT has a refinery, an asphalt plant, a petrochemical plant and a lubricating oil installation in the Huelvan complex. The total investment in the complex as of 31 December 1981 amounted to 22.711 billion pesetas, but the overall outlay is now higher taking into account the refinery's revamping plans that the group has undertaken.

The sources of the information pointed out that they did not know how interested the ERT was in selling the complex, or whether it involved the refinery

only or the petrochemical section as well. However, it is known that the ERT already tried a few years ago to get a partner to share its chemical undertaking in the Huelvan complex, and that it even engaged in negotiations with the U.S. firm Dow Chemical in that connection back in 1977.

Venezuelan Interest

The offer made to the Venezuelan state group seemingly is not the only one. But according to the sources consulted, it is perhaps the one showing the least obstacles and which could be of certain interest to both parties, especially the Spanish petroleum sector. Should an agreement be reached, the Venezuelan petroleum industry would also benefit from the operation because it would have a refining base in Europe--very similar to what the Mexicans have in PETRONOR through PEMEX--and thus be able to recoup some of the crude sale losses that it has sustained in Spain in the past few years.

A participant in the Huelvan refinery at the start in 1970, the U.S. concern Standard Oil of New Jersey (currently Exxon) promptly got rid of its share upon realizing that the access it could have to the domestic hydrocarbon market would be null while the monopoly system prevailed. Besides, there was also the scant production capacity of the refinery (its medium size is, according to experts, its greatest drawback), and the foreseeable drop in demand for petroleum products which give an inkling of the first energy crisis in 1973.

In the past few months, the ERT has completed several agreements with foreign groups to reorganize its industrial activities. The latest operation, with much fanfare, consisted in the purchase of all the shares of ERTISA, a company engaged in the production of phenol also located in Huelva Province, from the British firm Imperial Chemical Industries (ICI). The ERT supplied all the raw material to this concern, half of whose shares it already owned.

In another parallel operation, the ERT sold its interest in Titanio, the only producer of titanium oxide in Spain, to the British concern Tioxide, in turn a joint company of the ICI. The double action was related to the restructuring process that the ICI and the ERT have begun in order to rationalize their operations and limit the enormous losses that they have incurred in the past few years.

8414
CSO: 3548/121

FINANCE MINISTER CHRISTOPHERSEN DISCUSSES 1984 BUDGET CUTS

Copenhagen BERLINGSKE TIDENDE in Danish 26 Jan 83 p 7

[Article by Lisbeth Knudsen]

[Text] Cuts totalling 12 to 13 billion kroner will have to be made in the 1984 budget in order to reduce the budgetary deficit. Without any intervention, the deficit will quite automatically increase from an estimated 69 billion kroner this year to nearly 77 billion kroner in 1984.

Finance Minister Henning Christophersen states in connection with his information on the coming retrenchments that it will not just be a question of arbitrary cuts everywhere to achieve the cuts of many billions of kroner.

"The population will not just accept the cuts for the sake of the cuts themselves. They must be cuts which contribute to a better society, to a more humane society. The cuts must reflect new attitudes to things," he tells BERLINGSKE TIDENDE.

The government's internal retrenchment committee is now in the process of working out different reforms which may bring about cuts of 12-13 billion kroner. The reform in respect of daily unemployment benefits, involving increased contributions to unemployment insurance funds combined with increased self-determination in respect of unemployment funds is one of the reforms. A change in the system of reimbursements to municipalities for block grants is another reform. As an example of a reform which clearly helps improve the human environment, Henning Christophersen mentions the area of daycare centers and nursing homes.

"We must discuss if more daycare centers and the construction of nursing homes are, indeed, the best way of solving the problems of caring for our children and the elderly. I find that it will be useful to start looking into more human alternatives," the minister of finance says, pointing to different arrangements for daycare and collective housing or the like for the elderly.

Another reform which the government has in mind in connection with the cuts concerns the situation of state-owned enterprises.

"I find that, from a purely political point of view, there has proved to be a need for placing, on grounds of principle, greater responsibility with the state-owned enterprises for the way in which the means are used. I am not proposing that the state-owned enterprises become 100 percent commercial, but we have got to limit their coverage of deficits and at the same time increase their self-control," the finance minister says.

7262

CSO: 3613/54

POLL INDICATES POPULATION READY TO ACCEPT AUSTERITY MEASURES

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jan 83 p 3

[Article by Asger Schultz, director of Danish Gallup Institute]

[Text] At the beginning of the new year, people seem to believe that the austerity measures will yield results in the form of an improved economic situation for the country, even though great sacrifices must be made and no improvement in the unemployment situation is anticipated during the new year.

This was indicated by the annual survey conducted by the Gallup Institute to reveal what the people believe the new year will bring in several key areas.

The table below presents the questions asked and the responses to them. By way of comparison, average figures are presented from similar surveys for the periods 1969 to 1973, 1974 to 1978, and 1979 to 1982.

In the past, inflation has been seen as practically a law of nature, but now this idea seems to be changing--not much, but noticeably.

It will not be a good year, however. Despite the present high unemployment rate, it is expected to be worse in 1983. Even though wage negotiations will be held in 1983, there is a slightly higher expectation of calm on the labor market than usual during contract years.

This comparison cannot be seen in the table, which presents only averaged figures.

Nevertheless, 66 percent more expect unrest on the labor market in 1983 than in 1982.

Confidence in the effect of austerity measures on the nation's economy has changed radically. For the first time in 15 years there is widespread confidence that the country's economic situation will improve. A plurality (40 percent) stated that the country's situation would improve, compared to half that figure (19 and 18 percent) during the previous 10-year period.

Finally, it may be seen that people understand that 1983 will require great sacrifices of the individual. Almost half the population (42 percent) expect a lower standard of living, a clear--and continued--increase over the previous years. Only a few (6 percent) expect a higher standard of living. This is only one third the corresponding figure for the "fateful year" 1973.

All in all, at the beginning of the new year people believe they are facing unavoidable sacrifices, but this time they believe strongly that their sacrifices will help.

	New year 69-73, %	New year 74-78, %	New year 79-82, %	New year 1983, %
<hr/>				
"Do you believe prices will rise more or less than in the past year?"				
More	67	67	68	64
Less	16	17	15	22
Undecided	17	16	17	14
Total	100	100	100	100
"Do you believe unemployment will be higher or lower?"				
Higher	46	61	70	84
Lower	23	16	10	7
Undecided	31	23	20	9
Total	100	100	100	100
"Do you believe there will be more strikes and labor unrest next year?"				
Yes	47	55	66	66
No	27	26	17	20
Undecided	26	19	17	14
Total	100	100	100	100
"Do you believe Denmark's economic situation will be better or worse?"				
Better	31	19	18	40
Worse	39	55	55	37
Undecided	30	26	27	23
Total	100	100	100	100
"Do you believe your standard of living will be higher, lower, or unchanged?"				
Higher	17	10	8	6
Unchanged	65	64	57	50
Lower	12	21	30	42
Undecided	6	5	5	2
Total	100	100	100	100

ECONOMICS REPORTER ANALYZES DOWNGRADING OF CREDIT RANKING

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jan 83 Sect III p 6

[Commentary by Frank Dahlgaard]

[Text] Foreign confidence in Danish politicians has been shaken by 20 years of constant deficits and glowing promises of improvement that never have been kept. Now our foreign creditors want to see concrete results. Promises no longer are enough.

During the past 3 months the politicians in Christiansborg have taken the harshest economic steps of the post-war period:

A wage freeze is in effect until 1 March. Cost-of-living wage hikes have been abolished. Maintenance allowances have been cut and savings of just under 17 billion kroner have been made in the 1983 budget,

Despite these significant measures, the American credit analysis institute Standard & Poor's decided last week to downgrade the Danish state's creditworthiness from the top classification AAA to AA+.

This is the first time an industrialized Western country has had its international creditworthiness downgraded in this way by the recognized credit evaluation institute, Standard & Poor's.

Of the countries that have had their credit evaluated by Standard & Poor's, Denmark is the only EC country and the only OECD country not in the top category (AAA).

Together With Venezuela

The countries the institute now places in the top AAA category are: Sweden, Norway, Finland, England, France, Austria, Japan, Canada, Australia, New Zealand, and the United States.

In addition, Standard & Poor's has placed Venezuela in the AA category and Denmark in the AA+ category.

Thus, the downgrading of Denmark last week placed us in a separate international category as a second-class borrowing nation.

In addition to the countries mentioned above, many countries had their creditworthiness evaluated by the internationally recognized institute, but because they were dissatisfied with the results (classification) these countries have asked that the results be kept secret and these wishes were respected by Standard & Poor's.

Thus, it may be assumed that countries such as Ireland, Italy, and perhaps Belgium received poor marks from Standard & Poor's and that these countries asked that the results be kept secret and that these countries will steer clear of the American capital market.

Of course, countries such as Yugoslavia, Spain, Portugal, Greece, Turkey, and Iceland would not be classified AAA if they asked for an evaluation by Standard & Poor's in New York.

The downgrading of the Danish state's creditworthiness comes after we, as the first nation ever, were placed on a special "observation list" in September 1982, when the government of Anker Jorgensen gave up in the face of its problems.

Insufficient Measures

It was expected that the American institute would extend its "observation time" in Denmark's case or remove us from the list and restore our AAA classification, considering the coalition government's economic measures.

This did not occur, however, and it is only natural to ask why. Why did the American financiers refuse to recognize the harshest economic measures ever made in post-war Denmark?

The answer is that these measures were completely insufficient compared to the magnitude of the problems.

The problems have grown to enormous proportions in Denmark during the past 12 to 24 months. In popular terms, the problems have grown with interest and with interest-on-interest because of the sky-high interest rates.

Denmark's 1983 Deficit

Standard & Poor's noted that in 1983 Denmark will have a considerable balance-of-payments deficit which will raise our total foreign debt from the present level of about 145 billion kroner to about 160 billion kroner. Without the government's measures, the deficit would have been slightly higher, but there still will be a sharp increase.

The most recent OECD report (the Christmas report) estimates our 1983 balance-of-payments deficit at 3.4 percent of our national product. Only Iceland, Ireland, Greece, Portugal, Australia, and New Zealand have greater exchange deficits among the Western nations.

Since, in addition to this, Denmark already is the most indebted nation in the West on a per capita basis, Standard & Poor's evaluation is understandable.

Just A Beginning

Denmark's internal budget deficit will be 69 billion kroner in 1983. According to the most recent OECD report, this corresponds to a deficit of 10.1 percent of the national product.

Only Belgium and Italy have deficit percentages greater than Denmark, so even though the government and parliament have made considerable cuts, our state deficit still is enormous by international standards. This is what drew the attention of Standard & Poor's.

Today the Danish state has total debts of about 275 billion kroner. This figure will rise to at least 345 billion kroner during the course of the year, despite public cutbacks.

To be sure, Denmark has taken the harshest economic measures of the post-war period, but compared to recent steps taken in many other industrialized nations our efforts are not unique and, compared to the magnitude of Denmark's debt and deficit problems, the measures are totally insufficient.

They are just a beginning.

Do No Believe Promises

It is interesting to note that in the American financiers' justification for downgrading Denmark's creditworthiness, they state that we have a minority government. The institute does not conceal the fact that people abroad doubt that Danish politicians will be able to stick to their tough economic policies and follow up with additional harsh measures.

During the past 20 years Denmark has had deficits and a rising foreign debt year after year and throughout that period we frequently have assured the rest of the world that we would improve ourselves. Now we have reached the point at which our foreign creditors want to hear no more promises of penance and improvement. What they want is concrete results. In the meantime, we must pay slightly higher interest rates on new loans.

Standard & Poor's made it clear that we should not expect to be upgraded to AAA status for several years.

The Slide Has Begun!

It took us 20 years to lose our AAA top classification in the international world of finance.

The problem, however, is that we may slide further down the financial scale with great rapidity.

National bank director Erik Hoffmeyer has warned the politicians for years: once Denmark's creditworthiness begins to slip, it may go extremely rapidly. The time it takes to go from the second-best grade of AA+ to failing grades can be unpleasantly brief.

Now that Standard & Poor's has downgraded our credit rating, we have been removed from the institute's "observation list." At the same time, however, our name has been added to all the unwritten "observation lists" at every large bank and credit institution in the world.

As mentioned above, the downgrading of a country by the recognized American analysis institute is unique.

Thus, the Danish government has no choice: tough new measures must be implemented at once.

AAA	Sweden, Norway, Finland, England, France, Japan, Australia, New Zealand, Austria, United States, Canada
AA+	Denmark
AA	Venezuela

After the downgrading of our creditworthiness by the analysis institute Standard & Poor's in the United States, Denmark now is in a special category as a second-class borrowing nation. Source: Finance Ministry.

9336
CSO: 3613/48A

DENMARK NOW AT BOTTOM RUNG IN OECD FOR INVESTING

Copenhagen BERLINGSKE TIDENDE in Danish 13 Jan 83 Sect III p 4

[Article by Frank Dahlgaard]

[Text] Apart from little Iceland, Denmark will experience the largest drop in investments among industrialized Western countries this year.

This was indicated by the most recent semiannual report from the Western world's organization for economic cooperation, the OECD (Organization for Economic Cooperation and Development) in Paris.

Investments in Denmark have been on the decline since 1979 and the OECD report shows that only Sweden, the Netherlands, France, and Italy, like Denmark, have experienced steadily falling investments during the past 3 years. None of these other countries, however, have experienced a decline in investments of the same magnitude as ours.

The extremely sharp drop in investments in Denmark has brought our level of investments to absolute last place among the 24 countries of the industrialized Western world. According to the latest OECD figures, total investments in Denmark comprise only 15.7 percent of our national product. The average for the entire Western world is 21.2 percent.

In 1976 total investments in Denmark amounted to 23.0 percent of our national product and, since that time, the percentage has dropped sharply and continuously in Denmark.

The OECD investment figures cover all investments, including housing and industrial construction, work on and investments in publicly owned plants, agricultural investments, etc.

Consumption And Growth

In the area of private consumption from 1982 to 1983 in the 24 OECD countries, Denmark with its 1-percent decrease ranks almost at the bottom. Only Iceland, the Netherlands, and Sweden are expected to experience a greater decline in private consumption this year.

OECD economists expect expenditures for public consumption (operational expenditures) in Denmark to increase by only 0.5 percent from 1982 to 1983, compared to a 3.5-percent increase from 1981 to 1982.

This extremely modest growth in public consumption is not unique among countries in the West. According to the OECD, the following countries will experience less growth than Denmark in public consumption during 1983:

New Zealand, West Germany, Iceland, Belgium, Luxembourg, and Ireland. What is more, the latter three countries will experience an actual decrease in public consumption expenditures in terms of fixed prices.

OECD estimates that economic growth in Denmark will be 0 percent this year. Only three other countries will have lower growth percentages: West Germany, the Netherlands, and Iceland. All other countries will show positive economic growth in 1983.

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CSO: 3613/48A

CHEVENEMENT SPEAKS ON INDUSTRIAL PLAN, TRADE BALANCE

Paris L'USINE NOUVELLE in French 6 Jan 83 pp 36-40

[Interview with Minister of Research and Industry Jean-Pierre Chevenement by Rene le Moal and Alain Pauche: "Searching for Another Industry"; date and place of interview not specified]

[Text] The Auroux laws, the Villepinte rally, employment, social contributions ... the secondary aspects of company life are not part of the direct responsibility of the MRI [Ministry of Research and Industry]. Moreover, the head of this ministry, Jean-Pierre Chevenement, has a structurally oriented long-term program. Preferring the France of tomorrow, industrialized in a different way, in which opposing views will give way to a consensus and strength to weakness [as published], to that of today, in a somewhat temporary way. A reasonable gamble: at 43 years old, the man has every right to talk about the 21st century. And it is undeniable that the future of France will require "another industry." A major question remains: with what will it be built? Jean-Pierre Chevenement answered this and other essential questions in an exclusive interview with L'USINE NOUVELLE.

[Question] You have been minister of research and industry for about 6 months. That is a short time for "reindustrializing" France. Is it nevertheless possible to sketch an early analysis of your program?

[Answer] My first concern was to fashion a tool. The industrial recovery of France requires a powerful ministry combining research and industry. What we are in the process of building--in three general areas: one for research, one for industry, one for energy; related services for regional and international business; a scientific and technical mission; well-staffed departments with their own budgetary resources--is an innovation in the government's history. Until now, the Ministry of Industry has been more a link between industry and government rather than the promoter of an industrial policy. That is the innovation.

I have simultaneously tackled the difficult areas of iron and steel and chemicals. The two Usinor and Sacilor plans have been adopted and submitted to the Commission of Brussels, while an apparatus for the industrial reconversion of regions affected

by plant modernization was being put into place. In the case of chemicals, a reorganization plan has been approved. I am convinced that new industries, those using technologies of the future, such as materials, electronics, space research and biotechnologies, will have even more opportunities to develop if they can be backed up by a consistent industrial fabric with basic industries capable of producing steel, chemical products, nonferrous metals and all products in the first processing stage.

It is just as necessary for the processing industries, whose competitiveness must be assured, to be preserved, developed and modernized. This is why the machine-tool plan was adopted in 1981. This program for machine tools will be extended in coming weeks with a computer-integrated manufacturing [CIM] plan for the automation of manufacturing industries, a requirement for increasing productivity rapidly.

[Question] Thus plans are still part of the MRI's arsenal?

[Answer] It is not a sectoral plan in this instance, rather a related program affecting all businesses. This priority for related operations is significant of the government's intention to act on the industrial fabric as a whole. The state is not an observer of battles, it must strengthen combatants with its actions, easing the burden of businesses or creating positive constraints for them. Nevertheless, an analysis of the challenges which French industry must meet shows the need for temporary sectoral programs involving a limited number of people and businesses. Their result must be to put sectors that were losing their foothold back into the market. For example, we are trying sectoral plans in sectors where French producers had disappeared or had never ventured. We will therefore issue calls for bids to industry, while expanding and diversifying the procedures tried by CODIS [Steering Committee for the Development of Strategic Industries]. After machine tools, furniture, leather goods, textiles-clothing, programs will be assigned for other sectors. Durable household goods, automobiles, printing, agricultural machinery, paper and cardboard are being studied.

[Question] At the same time, it would be necessary to better adapt industry to world markets and get France into advanced technologies

[Answer] That is one of the characteristics of modern industrial policies: they must involve not only production, but also the creation of demand. Of course, our industry must be adapted to world demand, but also to French demand: too often, foreign manufacturers are more mindful than we ourselves of satisfying our specific needs or adjusting them. Our action in the area of research acquires its full meaning in this case.

We must certainly realize that our ability to react quickly is dependent on improving skills and the cohesion of all those participating in production. That is undoubtedly the most fearsome aspect, since slower growth makes adaptations more expensive. But we do have assets. The creation of a regulation on emerging businesses and workers' rights is one such asset, if everyone knows how to utilize them in a positive way.

Concerning the industries of the future, we know how to use synergisms. The state and public corporations are accustomed to working together. Their action affects both supply and demand. The achievements of nuclear power, aerospace research and telecommunications resulted from such an approach. The case will be the same for the three major "mobilizer programs," which combine research and industry in three priority areas: electronics, biotechnologies and the sensible use of energy.

As you see, in 6 months I haven't taken a day off! A vast undertaking has begun. This is a considerable job, whose size is not adequately measured.

[Question] The undertaking is even vaster if we add nationalized corporations! Do you believe that they have accomplished their mission, that of attracting industrial investment?

[Answer] That is undeniable. An independent agency, BIPE [Office of Economic Information and Prediction], predicted that investment in public corporations will grow in 1983, whereas this will not be the case of investment in private corporations. In fact, in 1983 the public stockholder will contribute considerable amounts of his own resources to national corporations, which will enable them to finance their investments of approximately 25 billion francs, as opposed to 18 billion in 1982.

In components, data processing, robotics, new materials, fine chemistry, and more generally in the modernization of basic industries, public corporations in the competitive sector will play their role of attracting investment. Investments in iron and steel will increase from 2 billion in 1982 to 4 billion in 1983 and to 6 billion in 1984! Companies manufacturing iron and steel equipment will book orders and acquire customers in France, which will enable them to sell abroad.

Nationalization must enable companies in the competitive sector to continue with the investment effort of large national corporations in the noncompetitive sector (EDF [French Electricity Company], SNCF [French National Railroads]), which played a motive role between 1974 and 1981. Ultimately, national corporations must not be dependent on the government, rather their common goal must be, above all, to enable France to acquire international positions in strategic sectors. In a very few years, it will be noted that the public sector will have enabled France to better emerge from the crisis.

[Question] In 1983, industrial investment may well be even lower than 1982. To what do you attribute this continuous decline since 1973?

[Answer] That will not be true in the case of national corporations As for the rest, that depends on private businessmen. Modernization of the means of production is not only a problem of financing, it also depends on the will of business leaders to move forward and to remain competitive. Unlike Japan, where the investment effort was relaunched in 1977 and almost regained its precrisis level in 1980, ours has constantly declined. To be at the same industrial investment level in 1982 as in 1974, it would have been necessary to put out 93 billion instead of 62 billion!

[Question] How can this decline be stopped?

[Answer] On one hand, we are working to restore the margin of self-financing of businesses and, on the other, to induce them to invest. But resources must be directed to sectors where they are most needed and their needs met with their own funds. That implies better defining the respective roles of financial establishments. The cost of financing must also be changed by lowering the interest rates of long-term loans guaranteed by the government and reducing the financial expense resulting from loans made at very high rates in recent years.

[Question] Do you feel that industrialists in the private sector are capable of understanding you and implementing your policies? Won't there be a gap between you and them for a long time--for at least a generation?

[Answer] We have to close a very old gap. The history of relations between the government, the French and their industrial enterprises is uncertain and difficult: a mixture of passion, fear of change, mutual distrust. Aristocratic, landowner morals have forged a stockholder, corporatist mentality that is obsolete in relation to the great changes of today. Everyone must assess the stakes and his share of change. We are all in the same boat and I don't think that our country wants sterile confrontations. The future will lay the blame on those who drag their feet.

I am convinced that industrialists, by profession, are quite courageous and dynamic. I see many enterprising entrepreneurs. The spirit of business is a new frontier of society. The left did not adequately evaluate this dimension in the past. It is not immaterial that I am the one saying this. But the basic unit of economic activity is the business, those who make it work and prosper: wage earners, professionals and leaders. Many things depend on the capability of people, their spirit of initiative, their enthusiasm. We must therefore give more priority to the spirit of business and simplify the lives of those who want to create businesses.

Each year in France, 12,000 to 13,000 companies are established. That isn't negligible, but I would like there to be even more of them. That is why I have been working away at the regulation on new businesses, as well as on improving channels of financing. Risk capital, i.e., contributions of one's own resources to new or innovative businesses, is still very inadequate: 250 million francs, as opposed to \$1 billion in the United States! If the banks must take industrial risk into greater account, individuals must be encouraged to put their savings there. The government has not yet made a decision in this regard, but it is possible to imagine creating special investment funds and taking incentive tax measures applicable both at the time of subscription and at the time of verification of possible depreciation.

Renovation of the industrial structure is too important for measures to be improvised. It is the government's concern to build for the long term. I am opposed to all demagoguery. If I had to coin a slogan, it would be: "Let us work together to meet the challenges of the future." I am convinced that many business leaders want to work on this basis.

[Question] In your opinion, is business in danger?

[Answer] We are immersed in a world in crisis. A crisis characterized by an aggravation of competition among the industrialized countries. At stake is the mastery of new technologies. In this economic war, the Japanese issue challenge after challenge. The French have the means to meet these challenges! It is a matter of better using the synergisms available to us to make the technological change.

We will not manage to improve the competitiveness of our industries if all business partners do not feel motivated. It is necessary to move from a traditional model of organization to a more flexible system. Our industrial policy is based on simple but strong values: national independence, democracy, collective and individual promotion of the French.

[Question] You don't see any contradiction between French business as it currently thinks of itself and socialism?

[Answer] Socialism consists of introducing more enlightenment into society and taking action so that people will give more consideration to the collective stakes. Business is not that inwardly-turned microcosm which some people have caricatured. If we better organize the link between the dynamism of business and the collective stakes, the result will be better competitiveness. Economic efficiency must be assessed in an overall way. The major projects that we will launch in electronics, CIM and new materials will have considerable spinoffs for thousands of businesses. These are those small and medium-size businesses which, in the wake of large businesses, create and will create more and more jobs. Thus there is no contradiction between a vigorous public stimulus and the expansion of private enterprise.

[Question] Subcontractors have been suffering in particular for several months. Don't they have reason to be worried when major customers send back to their own country jobs which had been assigned to them, when they are still not passing on the price increases that were nevertheless negotiated, when some trade unions are endeavoring to incorporate the subcontractor's personnel into large businesses, and when industries such as aeronautics announce pessimistic order estimates?

[Answer] PMI [small and medium-size industries] are both more affected and less affected by the crisis than large businesses. Some, such as subcontracting businesses, are more vulnerable, that is true. It is precisely because they are not as weak that we decided to organize relations between national corporations and their subcontractors. At the time of awarding plan contracts, the problems of subcontractorship will be clearly raised. Security agreements organizing customer/subcontractor relations will be provided by plan contracts to prevent excessive "accordion blows" from affecting the subcontractor, who will have to take better advantage of his customer's technological or commercial potential.

The national corporation must observe the rules. I am very adamant about that. There must be solidarity between large corporations and their subcontractors. But they cannot maintain the level of their orders if their own load plans

decline. I will not be giving subcontractors any new information if I tell them that they must strive to diversify their clientele in order to avoid the excessive pressure of a single customer.

[Question] Can you give priority back to industrial development without redefining the place and role of the plan?

[Answer] The period which we have entered will resemble the years of postwar reconstruction more than the years of trade expansion and liberalization, since it is a question of organizing a profound and accelerated technological transformation of our country. Planning in the postwar years was relatively simple: the country had to be rebuilt. Our planning has subsequently undergone a serious crisis: Planning actually no longer leads to decisions; it only organizes a dialogue, in the form of a conversation, among social forces.

Today, in view of the place of France in the world, it is very difficult to come up with planning that prescribes growth rates. Moreover, it is always easier to rebuilt than to give birth to a new world with which one is unfamiliar.

In my opinion, a plan must henceforth include a hard core of decisions on financing and investment. It is a matter of taking measures so that France can loosen the energy shackles, so that it can modernize its basic sectors, restore the competitiveness of its processing industries, develop its advanced technologies. All of that requires the priority given to industry: it is precisely this priority that is at the heart of the Ninth Plan. The plan will not solve everything, but it will be very different from the Fourth and Fifth Plans, as well as from the first Monnet plans.

[Question] If there is anything that adapts poorly to a law, it is certainly industrial development. In preparing for the National Conference of French Industry in June, which will have to support the "Chevenement law"--your law--what are your goals?

[Answer] For the financing considered to be obtained, it is better than it be part of a law! The law will outline industrial development in future years. It will constitute a frame of reference for the action of public authorities and economic agents. It will indicate how our country plans to emerge from the crisis. Thus the importance of the debate, which already started at the time of the Industrial Policy Conference in November, which must mobilize the entire country. Such an approach is essential at a time when the crisis is blurring market charts and concealing the technological and economic stakes.

The June conference will analyze arrangements and will end up in the fall submitting to parliament a draft blueprint law on industry for 1984-88. Business leaders must be familiar with the significance and aims of the industrial policy. They need to determine their positions in relation to a national project. That is one of the purposes of the draft blueprint law on industry.

[Question] Do you feel fully able to carry out your role as minister of industry when food and agriculture, and thus the very promising biotechnologies,

aeronautics, shipbuilding, and some of the communications industries, not to mention BTP [expansion unknown], are eluding your supervision?

[Answer] It is not bad for some industries to be in contact with client administrations or to be closer to their suppliers. Since the interministerial arrangement is working well, as is the case with Edith Cresson, minister of agriculture! If we manage to create between now and 1990 a powerful agricultural-industrial complex capable of supplying machinery and fertilizers to agriculture and processing its produce better, is it important and useful to question the identity of government supervision?

In the final analysis, my ministry is carrying out an interministerial program. I have an influence on the Ministries of Transportation, Agriculture and Defense. In posing the problem of financing, of the role of Credit Agricole in the agricultural-industrial sector, for example, I affect the Ministry of Economy and Finance.

In other areas, interministerial coordination is inherently necessary: the telecommunications explosion (cable, satellite TV) has resulted in a large program which includes all the ministries involved. As I conceive its role, the MRI is a powerful incentive factor. But we have to be realistic: interministerial problems will never be eliminated, unless the government is reduced to a single ministry

[Question] In 1983, are there more reasons than there were 10 years ago to believe in and to create an industrial Europe?

[Answer] Yes, I think so. In the case of France and, more generally, in the case of Europe, our public sector is one of the means for autonomy. I am fighting so that, by 1990, Europe will be able to hold its own in relation to the United States and Japan. Industrial Europe is an economic necessity and a political goal.

[Question] Reindustrializing France in areas in which it is very weak, or even launching production processes already established abroad, will require greater use of technology as well as foreign capital. Don't you see a danger in that? Doesn't our economic and political dependence run the risk of increasing?

[Answer] There has been a lot of carelessness for 5 or 6 years. Too many licensing agreements were concluded, whose clauses dealt a blow to national sovereignty. Despite the high quality of French labor, our country is dependent in basic areas such as materials, scientific instrumentation, components and consumer electronics. This is an intolerable situation, as the gas pipeline affair demonstrated.

But there is obviously no question of rejecting foreign technology en masse. The use of foreign technologies is good provided strategic areas are better defined and our sources are more diversified.

Preference must therefore be given to agreements with European businesses, as I told you, but also concluding alliances with the Japanese to distribute

our risks better and to prevent our American friends from being tempted to exert intolerable pressures. We are not exchanging our know-how in Europe enough. That is what must be developed. Our very firm position in the gas pipeline affair made our European partners aware of the need for better co-operation. In general, on the industrial level, I encourage alliances that will enable France to engage in cooperative production by following procedures capable of being gallicized.

My policy is consistent, regardless of what anyone may say! By permitting GCA [expansion unknown] to produce in France machinery for manufacturing components, I did not "kill" Thomson-Cameca's potential: I authorized the establishment of a plant in France using American capital and preserved French research potential. In the first case, we are developing French production of machinery using American technology; in the second case, we are maintaining a high research potential with Thomson.

[Question] People are now saying that DeGaulle made possible household appliances and nuclear weapons, that Pompidou made possible automobiles, expressways and nuclear power. What do you want your name to be associated with?

[Answer] I hope that in 10 years my actions will be associated with renovation of the French industrial structure. And more specifically perhaps, with the development of the electronics sector, all its components and all its potential, including CIM. That is where the major stakes are. The core of our industry's transformation, the instrument of its change, is electronics and its spread throughout businesses.

[Question] Are we moving toward nationalization of Peugeot?

[Answer] No. Peugeot is not one of the groups included in Francois Mitterrand's nationalization program.

Peugeot must quite simply be adapted to the new institutional and social environment. I also believe that the stakes of competitiveness cannot be dissociated from a new social deal within the company. My main concern is for maintaining the investments needed to launch new lines of vehicles and to achieve automation of production processes. That also concerns Renault as well as Peugeot.

[Question] What is the government's criteria for authorizing nationalized corporations to buy back companies (such is the case of Alsthom, which plans to take back CEM [expansion unknown] from Brown-Boveri-Cy) or to transfer their assets? Will the draft law organizing the public sector's "breathing" finally be submitted to the National Assembly?

[Answer] Nationalized businesses must incorporate the requirements of national solidarity into their strategy of competitiveness, particularly in the case of foreign trade and employment. Without judging the royalties contract signed in 1976 by Alsthom in regard to the BBC [Brown-Boveri-Cy] nor that company's current strategy, I can only be amazed by an operation that may well end up with the loss of outlets for export through the BBC network and significant job reductions in plants established in France.

I would add that, more generally, I would hope that the overall balance between the the public sector and the private sector would not be modified.

The public sector's breathing must be natural. The importance of the public sector actually precludes procedures that are so rigid that they would be an obstacle to the development of normal industrial life.

In the spring, parliament will examine the draft law submitted to it.

To get back to the case of CEM, it is a matter of inhalation rather than exhalation, since the private sector would absorb a private company. But the real problem is primarily one of professional ethics, which affects the very role of national corporations.

[Question] Is it possible to restore our trade balance with the USSR?

[Answer] I believe that an effort must be made to balance that trade, which has shown a large deficit to our disadvantage since 1980. We mainly purchase raw materials and energy (oil, gas) from the USSR for 20 billion francs and the trend is toward reduction of the deficit, particularly after the signing of the Astrakhan contract, which provides for 2.7 billion francs in cash for Technip to build a gas desulfurization plant.

I am convinced that sizable trade could develop. The Soviet officials with whom I met during my recent visit to Moscow greatly stressed the industrial renovation problems related to the development of consumer goods industries. Besides capital goods and the exploitation of natural resources in Siberia, there is room for sizable exports in the food-agriculture sector. The development of trade between France and the Soviet Union in a period characterized by the stagnation of international trade is in the mutual interest of both countries, with restoration of the trade balance being a condition for later developments.

[Question] The Germans deride the "nationalistic" ambitions of Thomson, the nationalized French leader, which wants to buy out the private Grundig corporation

[Answer] I don't think derision is the right word to characterize certain German reactions. Moreover, we are not going to be stopped by the first obstacle, especially since the position of the German Government is not very far removed from our own. The creation of a European industrial center of consumer electronics is necessary if we want to compete with the Japanese. In industry, the maneuvering room of Europeans is immense: aeronautics, nuclear power, telephones, microelectronics, automobiles. We can explore several approaches. Let's be pragmatic: we have agreed that Hoechst will remain the majority stockholder in Roussel-Uclaf; another government can certainly approve of the same thing by a French corporation, even if it is publicly owned. Europe is richly varied.

[Question] Several months ago, the government agreed to let AVX [expansion unknown] into France, at a time when the need for building a national electronics industry was reaffirmed.

[Answer] If we listen to every industrialist, their projects would always have to be supported and those of others would have to be condemned What is true in the case of electronic components is also true for micro-lithography machinery and carbon fibers. There mustn't be excessive variation, of course, but we mustn't put all our eggs in one basket either! A single industrial center always has disadvantages. Two centers are good, three are too many, but not always! I'm pragmatic: I constantly seek the best possible balance.

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CSO: 3519/248

BANKS, GOVERNMENT PROPOSE MEASURES TO REFINANCE BUSINESS DEBTS

Paris LE NOUVEL ECONOMISTE in French 17 Jan 83 pp 18-19

[Article by Jean-Claude Hazera: "Credits for Business: The 1983 Assortment"]

[Text] In the jungle of business aid proposed this year, there are two major ideas: priority for industry and priority for investment. LE NOUVEL ECONOMISTE outlines the new 1983 credits below.

After Pierre Mauroy, Jacques Delors got a cold shower when he presented the assortment of investment credits placed at the disposal of business this year. Believing that the measures announced by the government did not meet the demands of employers, Yvon Gattaz, president of the CNPF [National Council of French Employers], told him, "Business is not suffering from a lack of credit but from an excess of debt."

This is the problem that the president of the republic had in mind in fall 1982 when he proposed the idea of a "moratorium," a word that was perhaps chosen by analogy with the problem of over-indebted countries, but in any case an impressive word. Were they going to plunder banks and savers in order to allow firms to reimburse their debts during better days...or not at all? Jacques Delors and his advisors hastened to reassure public opinion by indicating the limits of the operation: there would be no question of touching bonds or of lightening anything other than the high fixed rates on long-term loans that were liable to become lost bets during a period of deflation and a decline in the price of money.

After having turned this idea in every direction to find ways of applying it that were not horribly complicated, the ministerial offices dubbed it "the monster," which leaves doubts about the possibilities of seeing this experiment in "lightening financing charges of business" extended or renewed. This also partially explains the prudent reticence of the CNPF, which only wants to hear of one way of relieving business debt--increasing profits by lowering charges and taxes. The CNPF will try to hammer through this message at the general meeting on 18 January.

That said, "the monster" as it now exists finally seems simpler than many financial or tax provisions. It only involves industry, industrial services, construction and public works and transportation, thus excluding trade and services, which is in accord with the priority to industry regularly reaffirmed by the government.

One-quarter of the debt of these firms, 75 to 80 billion francs, is at a fixed rate. But the only firms affected are those having a fixed rate debt with an interest rate over 12 percent. The government (discreetly supported by the CNPF) wanted this procedure to appear to be a burst of oxygen for firms that want to maintain a high investment rate. The relief, which is administered by the National Credit Bank, the key institution for large firms headed by Jean Saint-Geours, by the CEPME [expansion unknown], by the SDR's [Regional Development Societies] and by the Central Fund for Cooperative Credit, will be reserved for firms that submit a request for investment credits to these institutions this year. The relief will take the form of a refinancing at 9.75 percent over 12 years with a 2-year delay of part of the next three reimbursement payments of the principal of fixed rate loans contracted with these institutions. The refinanced proportion can vary from one-third of the payments, if the firm does not increase its capital, to all of the payments if the increase in capital equals the state contribution. Thus, the state budget will take on the cost of the necessary guarantees (several hundred million francs this year). This refinanced proportion can also be increased to take into account the fixed rate debt with other institutions, but it was too complex to extend the procedure to bank loans. In any case, the banks made hardly any long-term loans. From now on they will be doing so, however, and this is the other big innovation of the 1983 credit assortment that is being set up. The minister of finance is not dissatisfied to have this to show that without changing bank structures, banks can be placed at the service of industry.

Banks have agreed to offer 8 to 15-year loans that can either be at a fixed rate of between 11.85 percent and 13 percent for banks having fixed rate resources (savings accounts, etc.) or at variable rates (prime rate plus .25 percent) for those that are supplied by the money market. These credits are supposedly to be reserved for the small and medium-sized industries--still excluding trade and services--or, more generally, to firms that do not have direct access to the financial markets. To strengthen this preference, the amount is limited to 20 million per firm.

Although these loans are not guaranteed by the state, the banks (including the people's banks) have two reasons to be interested in these relatively unprofitable activities. On the one hand they can finance them outside the credit structure of 7 billion, an amount that they are now dividing up. On the other hand, they have always endured seeing certain types of deposits or financing reserved for other institutions, the latest being CEPME.

Nevertheless, the bulk of guaranteed loans, 26 billion in 1982, will still be distributed by specialized institutions, such as the National Credit Bank. The major change to which firms must be sensitive is that of rates: 9.75 percent for the 12 billion in special loans and 11.75 percent for the 6 billion in assisted loans; the remaining 8 will be for loans "at market rate." This 3-point decline in comparison to 1982 is designed to show that the state believes in its own deflation policy and in making investment more accessible to firms by reducing the gap between the increase in prices (at least 8 percent in 1983) and the interest rates. The half-point decline in the prime rate to 12.25 percent, the decline in assisted loans for the purchase of property and the corresponding decline in savings accounts and bonds will have a similar effect.

Since the difficulty or the slowness of the procedures has discouraged beneficiaries, efforts have been made to change this. First of all, the announced amounts should actually be available much earlier than in 1983. Procedures should be particularly simplified for loans under 2 million francs. The boundaries between loan categories (creating jobs, export, innovation, saving energy and raw materials) should be less rigid and conditions less finicky. For example, it should be enough to have invested in equipment that saves energy without being obliged to produce a detailed energy statement.

For the small and medium-sized firms this simplification effort goes along with CEPME's, where procedures have been extremely simplified for loans under 400,000 francs and for everything affecting the guarantees that go along with the loans.

If you add the participatory loans which have been very successful and which have been given the sum of 5 billion and the FDES [Economic and Social Development Fund] loans (7 billion), there is a total of 45 billion at the disposal of business, compared to 35 in 1982. This amount, which is not far from half of the annual business debt, is the primary element in lowering interest rates in comparison to the high rates that defending the franc forces us to maintain on the money market. In itself it is not enough to revive investment and the CNPF has pointed out that not all the sums were used in 1982. This should at least ensure that in a system where credit is limited by the necessities of the fight against inflation, industrial investment is not supplanted by other users, particularly the state.

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CSO:3519/287

CREUSOT-LOIRE, ALSTHOM-ATLANTIQUE GRANT AID TO IRAQ

Paris LE NOUVEL ECONOMISTE in French 17 Jan 83 pp 22-23

[Article by Jean-Michel Caroit: "France in the Front Line"]

[Excerpts] Recently considered one of the most promising markets in the Middle East, Iraq is worrying its suppliers, and particularly France, which has been building especially close relations with Baghdad for several years. Iraq's number one client in 1980 before the collapse of its oil exports, France has become "Iraq's major partner in political, economic, commercial and military areas," recently stated the vice-president of the Council, Tarek Aziz, in Paris. During the past 2 years Baghdad has bought almost 28 billion francs' worth of French arms.

But the resources of the Emirates have been hurt by the crisis on the oil market. Some of them, particularly the United Arab Emirates, little worried about exposing themselves to Iranian reprisals, have adopted a more neutral attitude in regard to their two large warring neighbors. "I regret to reveal that our brother Arabs have virtually ceased to help us this past year," declared Iraq's number two leader to LE MONDE last week.

This is why it is important for Baghdad to see the friendship and solidarity of France reaffirmed. Upon his fifth visit to Paris in less than 3 years, Tarek Aziz was received at the Elysee and the Matignon and by an impressive number of ministers (Jean-Pierre Chevenement, Claude Cheysson, Jacques Delors, Charles Hernu, Michel Jobert). The two countries agreed on "serious and practical measures to resolve as quickly as possible the temporary financial problems Iraq is facing." However, the practical applications of French aid must still be discussed both in Paris and between France and the Persian Gulf countries. The French government, which wants to avoid an Iraqi defeat at all costs, has committed itself to continuing its military cooperation "on a very large scale." What could Tarek Aziz offer in return if not oil? Not Iraqi crude because, even if the capacity of the Turkish pipeline is increased to 1 million barrels per day in January 1984, exports from Baghdad will hardly increase in the short term. Despite some hesitations a few weeks ago, following Soviet activities, Syria will probably not reopen the pipeline crossing its territory. And even if the war ended tomorrow, it would take almost 1 year to fix the damaged petroleum facilities. France therefore has the possibility of taking oil extracted in Saudia Arabia or Kuwait on Iraq's behalf.

Such an arrangement would not be new because for more than 7 months at least three Japanese companies have been buying "Iraqi" cargo that actually comes from Saudi Arabia. But it presents a delicate pricing problem submitted by the public authorities to the two large national companies, Elf and Total, for examination. The official rate for light Iraqi oil is \$34.83/barrel, \$.83 more than the Saudi "Arab light." A crude that, for the companies, is already overvalued by an average of \$4 in comparison to the "spot" market. Under these conditions, the companies would like the government to take responsibility for part of the additional cost of "Iraqi" crude.

This willingness to take shipments of Iraqi oil, which fell from about one-quarter of French supply in 1979-1980 to 2.5 percent last year, illustrates the concern of French authorities. If the Iraqis were to stop payment, it would be better to have oil, even if slightly overpriced, than nothing at all.

The Iraqis owe more than 15 billion francs to France and COFACE's [French Insurance Company for Foreign Trade's] risk amounts are double that.

From the business side there is greater calm. Delays in payment have occurred the past several months and the extra costs amount to billions of francs. But COFACE is there to avert the worst and they are obviously looking for ways to minimize the problems. At Saint-Gobain, which, with its subsidiaries Pont-a-Mousson and Sobeas, has a huge contract (4.5 billion francs) to extend Baghdad's water distribution system, it is stated that delays in payment have been reabsorbed.

"We have no dispute with Iraqi firms," said an official at Creusot-Loire, which is waiting to be able to deliver 74 locomotives and a shop for maintaining rolling stock (590 million francs). For officials at Merlin-Gerin (90 electric substations and electrical equipment for three cement plants, 1.2 billion francs) "business is continuing normally." At Alstom-Atlantique they are even more confident. Besides working on signed contracts (primarily eight gas turbines of 25 MW at Mosul for 300 million francs), the firm recently submitted a bid for the Al Mussayb thermal power station and hopes to build the Baghdad subway. Dumez (a 2.2 billion franc contract for 4,000 housing units, half completed) has encountered payment problems since the beginning of the year and is becoming less optimistic about building the Baghdad-Basra railroad which lies in a particularly exposed zone.

In addition, it seems that the administration will from now on hesitate to give a green light to French participation in projects that are too large. "We take into account the nature of the activities and especially their location," said COFACE, where it was emphasized that there were few new commitments in 1982.

With 14 million inhabitants and oil reserves of between 75 and 100 billion barrels according to estimates, Iraq is potentially one of the richest countries in the area. But is its defeat inevitable, as Beri, a reputable American institution for risk assessment, thinks? This is not the opinion of the Quai d'Orsay, which believes that the military situation is now frozen for a long time, since the Ayatollah Khomeini does not want to see a victorious army return to Teheran. The future will tell whether France was right to emphasize the Iraqi card at the risk of alienating Iran.

KHATZIVASILEIOU DEPARTS FROM GSEE POSITION ON ISSUE OF ECONOMY

Athens AKROPOLIS in Greek 1 Feb 83 p 8

/Text/ Mr Khatzivasileiou, the chosen president of the GSEE /Greek General Confederation of Labor/ has officially separated his position from that of the other members of the GSEE administration on the issue of income policy. In contrast to Mr Raftopoulos, GSEE secretary general, who seems to be satisfied with the government's measures, Mr Khatzivasileiou, in an official statement to the press, comes out unreservedly in favor of demonstrations by the working class whose goal is the granting of increases that would cover the rise in the cost of living.

Complete Opposition

Mr Khatzivasileiou stressed, "The complete success of the 4-hour work stoppage throughout Greece and the unanimous decision of all trade unionists of the mass organizations show the complete opposition of the working class to the oppressive income policy."

Mr Khatzivasileiou continued as follows:

"The new fettered increases that result from the devaluation of the drachma, as well as the increases in the prices of various services (fares, electricity, telephone, etc.) force GSEE to remain firm on the immediate payment of satisfactory income increases and the lifting of the prevailing prohibition to the signing of collective agreements."

These proposals by GSEE President Khatzivasileiou, as was expected, were rejected by the GSEE executive committee which, as is well-known, is made up of only PASOK trade unionist cadres who were appointed to the GSEE by court order.

With these statements, Mr Khatzivasileiou is belatedly adopting the position of the EKA /Athens Labor Center/ and the ADISK /Independent Democratic Trade Union Movement/ that had come out in favor of demonstrations for the defense of worker interests.

Condemned Policy

The identification of Mr Raftopoulos with the government's policy is being condemned by the workers and sweeps away the smallest existing prospects that

he could play some role in the forthcoming panhellenic GSEE congress.

The EKA condemns the appointed GSEE administration for "selling out" on the working class.

In an announcement issued by EKA, it stresses that Mr Raftopoulos gave the coup de grace to workers and pensioners of the country through his statements in which he characterizes the anti-people's income policy as extremely "pro-labor."

The EKA characterizes the disagreement of Mr Khatzivasileiou, the bought out GSEE president, as a collusion with Mr Raftopoulos, without that, however, relieving him of his personal responsibility for the "passage of the anti-labor income policy."

The EKA administration board is meeting today to prepare the convening of the panhellenic conference of representatives of non-party trade union organizations.

Moreover, a communique issued by ADISK warns that the worker class is at the beginning of new hardships and trials whose proportions cannot yet be determined.

5671

CSO: 3521/182

NEW STRIKE WAVE AFFECTS POPULATION, ECONOMY

Transportation, Coffee Market Hit

Athens MESIMVRINI in Greek 31 Jan 83 p 1

/Text/ A new wave of strikes is assailing the country despite desperate attempts by the government to confine through various means popular exasperation and to deflect the attention of the working classes from the frightful economic problems. The pressures of the workers on their union administrations are overcoming party suspensions of representatives and are forcing them to seek recourse to small or large-scale strike demonstrations....

Already striking are bank employees, private school teachers, private tank truck owners, taxi drives, coffee grinders, trunk line buses, etc.

At the same time, increases imposed by the government on transportation and OTE /Greek Telecommunications Organization/ go into effect tomorrow, while the new DEI /Public Power Corporation/ rate increases go into effect on 1 March.

Specifically:

- Liquid fuel tank truck owners go on strike today. The government did not provide any solution to their demands. A prolongation of the strike could lead to a danger of shortages in liquid fuels. If, indeed, the weather worsens, then citizens are in danger of spending the cold days of winter without heat.
- Private school teachers are continuing their second day of striking (48 hours duration). The first day was last Thursday. Thus, private schools remain closed for the fifth day today.
- Coffee grinding shops are closed beginning today for the next 3 days throughout the country. Moreover, food stores (supermarkets, grocery stores, etc.) will not sell coffee.

Moreover, the market generally has not gone back to normal even though 20 days have elapsed since the drachma was devalued. Profiteering and lack of goods is continuing, as well as arrests of profiteers. With the imposition of restrictions on imports of many products --expected to be announced this week--

such as beverages, baby food, cigars, tobacco, etc., there is an immediate danger that cases of black market dealings might crop up.

- Bank employees: In accordance with a decision of the OTOE /Federation of Greek Bank Employee Organizations/ congress, a 2-hour work stoppage (7:45-9:45 am) will take place today in the Athens region and Salonica. The work stoppage is being held in support of foreign bank personnel who are rejecting a demand for establishment of supplementary insurance equal to that of Greek bank personnel.

- Taxi drivers: Beginning today, Athens, Piraeus and the suburbs will be without taxis because of the 48-hour strike of the "Alimos-Enotita" union. The taxi shutdown will continue until 5 am Wednesday but since Deputy Minister of Commerce Aslanis has said that there is no question of any decision being made on the taxi driver demands it is possible that the shutdown will continue until 20 February when the group's panhellenic congress will convene.

- Trunk line buses: Bus owners of Central and Western Makedonia and Thraki have decided not to suspend their strike until their demands have been satisfied. At a meeting held in Kavala the bus owners also decided to have a committee visit the competent ministers and to forward their decision to them.

Greeks' Coffee 'Mania'

Athens MESIMVRINI in Greek 31 Jan 83 p 3

/Excerpts/ Both medicines and coffee are running short on the market, while both are expected to become...."bitter" in the future.

Both companies and coffee grinders are asking for an enforced price rise and, indeed, because the government is refusing to satisfy their demands, they are saying that they will be unable to supply the market.

Thoroughly upset, consumers have been forming lines outside pharmacies and coffee shops to procure supplies. This is also creating other complications to the normal operation of the market. Both shortages and speculation are characteristic of the situation.

"Coffee and democracy," two forms of pleasure for Greeks that although they are becoming more expensive it seems that they are ready to pay the price.

A cup of coffee, a traditional habit that regardless of escalating prices continues to reduce our sorrows... With the latest price increases and the threatened strike by coffee grinders on Monday the lines outside shops that sell coffee are becoming longer. Indeed, there are already shortages in small shops.

The whole story began when the government, specifically the Ministry of Commerce, decided to increase the price of raw coffee, i.e. from 262 drachmas to 330 drachmas. While this price was in effect for importers, the price for go-between coffee sellers rose only 13 drachmas. In other words, it went from 427 to 440 drachmas

a kilogram. Of course, there is an approximately 80 drachma price difference that the coffee sellers will vigorously contest Monday by closing their shops.

With these factors in mind, however, what is the situation that has been created on the market as far as coffee is concerned?

First of all, the fear of shortages has brought about unending "lines" outside coffee selling shops. Indeed, many people are asking for excessively large amounts, sometimes 5 and 6 kilograms, and one could say that we are living in a wartime situation..... Most people told us, "Coffee is our consolation in our every sorrow and difficulty." This is something coffee sellers know very well since they base the success of their strike on this.

Minister of Commerce Moraitis spoke about a large reserve supply of coffee that can cover our needs through March. Mr Mavridis of the "Bravo" firm answered by saying, "The reserve supply the minister refers to is aboard freighters, in customs or even --still in Brazil."

A little old man sitting in a coffeehouse on Omonoia Square said complainingly, "We used to drink a cup of coffee but even that will now taste bitter."

Vasilis Sitaras says, "We Greeks are coffee maniacs. If we do not drink a few cups a day our organism will not function well...."

5671

CSO: 3521/182

ROLE OF FACTORY COUNCILS IN LABOR RELATIONS

Milan MONDO ECONOMICO in Italian 29 Dec 82 pp 9-12

[Article by Beppe Casucci: "Debatable Councils"]

[Text] They have been a thorn in the union leadership's foot for almost four years. The post-1969 phase, when the factory councils furthered the growth of consensus and enrollment in the unified federation, now seems like a dim memory. From 1978 on, most of the conflicts over federation policy saw the delegates themselves turned against each other. They were the ones who prevented legislation to form a solidarity fund, at the time of the Forlani government. They were the ones who booed Carniti and Benvenuto in public.

Also, on the occasion of the two union consultations in the factories, the delegates proposed thousands of amendments, which often contradicted the platform of the CGIL [Italian General Confederation of Labor]-CISL [Italian Confederation of Labor Unions]-UIL [Italian Union of Labor]. The union is so embarrassed that some people are already thinking of taking serious action. There is talk of the "crisis of the councils," of "bureaucratization," of "prevarications in the assemblies" and "cultural resistance by survivors of the hot autumn."

At its last congress, the CISL proposed reinstating alongside the factory councils the defunct factory union representatives (RSA). The UIL is now openly talking about returning to the internal commissions and, in any case, revising the election criteria for the representatives.

Are the councils in crisis? What are the causes of the crisis? How can it be overcome?

MONDO ECONOMICO put these questions to some union spokesmen. Pietro Larizza, organizational secretary of the national UIL, said, "At the last consultation I noted two facts: participation in the meetings and in voting is inversely proportional to the size of the company, and in a few cases where there was a secret ballot, there were at least 30 percent more votes than there were people present at the meetings." UIL Confederal Secretary Walter Galbusera draws a conclusion: "In many cases, the councils have ceased being structures for creating consensus on union policy and have become instruments of dissent. The way meetings are run heavily favors scheduled speakers and discourages people from participating."

The conclusion to this line of reasoning brings the CISL and UIL together on this point: the union needs new instruments in the factories to manage relations with the workers. There are two possibilities: bring back the RSA or modify the council election rules (no more blank ballots but a list of nominees).

Luigi Arioso, secretary of the Industry Coordinating Section, observes, "The crisis of the councils is a consequence of their very nature: their policy quickly led them to set themselves apart from the workers, who have instead come to understand the policy as being directed against the business slump and layoffs."

Alberto Bellocchio, the CGIL secretary in Lombardy, the socialist crisis is certainly a part of it: the inability to contract for improvements in working conditions leads to a loss of identity. But he denies that the councils have been hewing to a policy of intransigence out of nostalgia for 1969. "Rather it is a flaw in the union's intermediate structure, and the union has all too effective instruments for the political control of the delegates. A cohesive group of middle level leaders are clinging to old slogans and digging in against any change. The delegates are at fault for not asserting independence from this group of leaders."

In any case, most Italian delegates think it is a mystery, and it has led the Turin Communist Party and the Unified Federation to promote two public opinion polls. They will be held next February and will involve no fewer than 2,000 factory councils. Piero Fasino, Turin PCI leader, explains the outline of the Communist questionnaire. "It will check the relationship between councils and workers as well as the internal democratic operation of the companies: how the representative body is elected, who decides strikes, and what the relationship is between the structure and the union." Fassino prefers not to give an opinion on the council crisis. "A lot of commonplaces are going around, but one thing is sure: during the consultation, the meetings all aligned themselves with the positions of the delegates, and that is a sign of the workers' trust in their own representatives."

Paolo Franco, national secretary of the FLM [Federation of Metalworkers], decries a kind of "smear campaign against the factory councils." Participation in metalworkers' factory council elections, he says, comes to 90 percent. "The councils organized more than 700 companies in Milan a few days ago. When you look at the results of the consultation, you have to consider what was discussed and how things were explained." In any case, he is decidedly against any change in election rules: "It would be like an outside force's sinking the union in the heart of the factories; it would mean killing the union movement from within."

Frederico Ricotti, secretary of the communist section of Alfa Romeo in Arese, recently resigned from the factory council, but he defends its autonomy. "There is a crisis, and it is due to the councils' inability to escape outside political pressures and the union's inability to meet the economic crisis. If there is a cultural lag, it is among the union leadership. Democracy will not be restored by abolishing the councils, nor will the union be saved. On the contrary, if this structure can be renewed, it must be done so through a clearer relationship between the delegates' organization and the CGIL-CISL-UIL structures. The biggest criticism from the workers is that there is no clear idea of how to get out of the crisis."

Businesses Are Paying a High Price [boxed insert]

Exactly how much is a mystery for the CGIL-CISL-UIL, too. The councils were formed in 1968, on the eve of the hot autumn. The division and homogenous group delegates spread rather slowly as they took over from the old company representatives; the internal commissions (CI) and company union representatives (RSA). The last full poll goes back to 1977 and was demanded by the CGIL on the occasion of its 9th congress. At that time, the councils numbered 32,021 and the delegates, 206,336. There were 5,188,818 workers employed in the companies affected by the council elections.

The new structures have since spread to a little more than a third of Italian companies, mainly in the manufacturing industry and in northern Italy. Actually, a third of the councils are concentrated in Lombardy, and two-thirds of those are in the North. "The ultimate objective is to spread them throughout Italy in all categories," Larizza explains. "This objective was set at the Montesilvano organizing convention in 1979. It must now be said that this objective has not been met.

"But the councils' low representation is not only a matter of categories or geographical areas. These structures are almost completely lacking in increasingly important labor sectors such as technicians and middle managers."

It is also hard to determine the distribution of the delegates among the three confederations. Well-informed sources within the union estimate about 60 percent for the CGIL, 25 percent for the CISL and the rest for the UIL. The at-large delegates (who have a federation card but not one for an individual organization) have practically disappeared: the growing debate that has divided the three unions has practically forced the delegates to choose their allegiances.

Factory councils have neither contractual nor legal standing. Article 19 of labor regulations pertains only to the RSA and CI, and in no contract (even in cases where the union is dominant) does the phrase "factory council" ever appear. However, an expedient has been thought up to allow for the use of union premises: a contract rule provides for eight hours a month of paid released time for provincial CGIL-CISL-UIL delegates elected for this purpose by the largest possible number. Other concessions have been gained through specific agreements with individual companies.

Even under these limitations, the delegates have gained a large number of hours of released time. According to a recent Federmeccanica study in 1981, out of 170.35 per-capita hours lost in the industry generally, about 12 hours are attributable to union meetings and released time. Confindustria [General Confederation of Italian Industry] estimates that union-related released time in 1981 came to at least 5 million man-hours and that the cost to business totaled about 50 billion lire.

8782

CSO: 3528/76

INDUSTRIAL POLICY FAILURE DUE TO MANAGERIAL INCOMPETENCE

Milan MONDO ECONOMICO in Italian 29 Dec 82 pp 10-11

[Article: "The Failure is Due to Incompetence"]

[Text] As long as the objective is to hold price increases to between 12 and 13 percent over 2 years, the fate of the economy is sealed: it is the fate of a country that is forced to make occasional competitive devaluations. At this rate of inflation, for example, interest rates, as low as they are, will always be high enough to eat up the operating margin that might be expected from a part of industrial activity and will penalize exports. In addition, high interest rates are destroying any motivation to make long-term investments; as it is, industry's longest-term investments are in basic and exploratory research. High interest rates are thus destroying one of the most important bases of the modern industrial system.

The "objective" rate of inflation that the economy should tolerate over two years is between 6 and 8 percent, because this is the rate that fits the situation in the industrial countries that count. There are two main criticisms of this thesis: one of them considers not inflation so much as development; the other holds that the objective is unattainable.

As far as the first point is concerned, one thing is sure: we will never be able to reach any high, stable objective of growth as long as present inflation rates hold.

The most severe criticism is the latter one, which says that more ambitious objectives of reducing inflation are impossible. But it must be considered that the fight against inflation might encounter fewer obstacles and even impact on the "structural" part of inflation if it included an effort to contain all costs and a great effort to increase productivity rather than concentrate on a drastic reduction of demand. Even in that case it would be necessary to restrain wage and salary increases over the short term, but that should help transfer consumption into investment and, more generally, unproductive spending to productive spending. The social consensus necessary for an operation of this kind requires a decisive move against tax evasion. The lack of such a move is the greatest obstacle to broader and more enthusiastic participation in solving the country's problems, even if the implementation of a more incisive industrial policy might become a factor in a consensus.

Without expecting a more aggressive fight against inflation to be launched, let us proceed to set forth the characteristics and role of a plausible industrial policy for Italy. In a way, it is already industrial policy to reduce costs reflected by activities that are direct or indirect industrial costs. But an industrial policy in the strict sense is one that would be implemented in restructuring processes and, especially, in industry-wide diversification and conversion. So far, Italian industry has shown a lot of restructuring and very little conversion or diversification in following the changes in world demand.

In any case, although an increase in business productivity is basic to slowing inflation and increasing the rate of growth, it is in itself quite insufficient. Indeed, Italian industry has been enormously slow for years in making the changes prompted by the structure of international demand. Industrial policy must shoulder the major part of the blame for this, because it has relaxed competition by unjustifiable salvage operations and, in the state participation system, with often highly political criteria for the selection and advancement of corporate officers.

But Italian industrial policy has also lumped everything together: commodity sectors lending themselves to conversion have been put into a single unit with industries that were not convertible as well as with others that had high rates of innovation in products and processes. Worse yet, since the onset of the industrial crisis and its attendant financing, industrial policy has helped increase efficiency somewhat, but this policy has not had the objective of creating new businesses as durable, economically healthy alternatives (as opposed to public works projects) to the unemployment that restructuring inevitably causes.

Law 675, which has been subjected to intense and useless criticism, is in the last analysis the most visible sign of the ineffectiveness of industrial policy, and it is about to be repealed so that a radical change in philosophy may be applied.

The underpinnings for reorganizing the scope and objectives of industrial policy might be: a clear separation of structural crisis interventions from measures intended to sustain growth; the articulation of intervention according to criteria based on the territorial scope of the crisis; merging intervention by producer and sector, thus making it possible to group producers in ways more in keeping with the sectors and subsectors; the formation of initiatives for more rapid and efficient application of technological innovation in small businesses, particularly in automation and information processing; revision of the fiscal treatment of research expenditures, which also involves a redefinition of research; and closer links between university and industrial research.

Excesses must be particularly avoided, such as going from a program that uncritically emphasizes the central role of the sector to a program where the sector has no role. There is still an urgent need to set up some sectorial plans and to make a thorough identification of factors leading to success (only close cooperation with the firms themselves will make it possible to do this), at least for what seems to be the most strategic productions, because rapid shifts in investment must be made or because support must be raised that might not otherwise be available.

Out of all these imperatives there emerges, however, one rather general consideration that is also responsible for the failure of Law 675 and other initiatives. A modern industrial policy requires government structures made up of professionals, people who are middling-young, non-provincial, trained abroad and thoroughly familiar with industrial problems, such as those of the structures they work in. One of the most fundamental reasons for misunderstanding between the world of production and the world of public administration is precisely this lack of professionals, and if public administrators do not acquire greater credibility for their technical competence, they will never be able to formulate and apply effective industrial policies. This is true for the central administration, but it goes all the more for regional administrations and their financiers.

In other words, a new ruling class must be trained that knows how to interpret the basic movements of national and international economics and can thereby choose the main routes leading to industrial growth; even business, caught up as it is in the routine of daily affairs, often gives insufficient thought to the future. In this connection, it is worthwhile to give thorough consideration to the function that the MITI [Ministry of International Trade and Industry] has acquired and is performing in the Japanese economy.

Finally it must be emphasized that at best a new industrial policy set forth on the lines presented here still has the severe limitation of being a nationally based policy. In some production areas--electronics, telecommunications, aviation and automobiles--the national basis is too narrow; a local industrial policy may touch on some aspects of this production and yet not concern itself with the competition and cooperation between businesses that the future depends upon.

8782

CSO: 3528/76

LOOKING AHEAD TO NEEDED ECONOMIC MEASURES

Lisbon O DIABO in Portuguese 18 Jan 83 p 11

[Article by A.P.]

[Text] Among the most urgent economic and financial measures the new government will (or should) take, some are worthy of mention. We can thus better appraise the executive's responsibility, its base of support, and the internal strength these measures require.

1. Revise the government budget and great options plan for 1983 in order to reduce the public spending contained in the last budget bill, particularly the investments in the public enterprise sector and also in the central public administration's spending in general. Alipio Dias has already said this was inevitable.
2. Revise interest rates upward by at least three points, as Joao Salgueiro proposed. He said this was an urgent measure for any new government that is formed.
3. Take restrictive measures concerning salaries by applying salary norms and deciding under what terms these are actually carried out in those firms suffering the great economic difficulty.
4. Take other possibly restrictive measures aimed at correcting the balance of payments deficit and the purchase of foreign goods, thus regulating the growth of imports in the most drastic administrative way.
5. Control the activities of the commercial banks in the manner already made public: by the implementation of new bank control mechanisms through an organization (which the press reports to be a coordinating public enterprise) that is independent of the Bank of Portugal.

These measures and perhaps others affecting essential goods and profits (which usually are the subject of a revision during the first six or eight months of each year) would be the ones that any government and particularly the yet to be formed government should adopt with exceptional urgency.

9935

CSO: 3542/22

PROBLEMATIC FOREIGN INVESTMENTS IN LIGHT OF POLITICAL CRISIS

Lisbon O JORNAL in Portuguese 21 Jan 83 p 17

[Excerpt] The political crisis which Portugal has been going through for some months now is affecting the decisions of large international economic groups in regard to investing in our country. This deprives the IIE (Instituto do Investimento Estrangeiro) [Institute of Foreign Investment] of one of the chief arguments it has used in recent years in markets like the Japanese and those of the Arab countries.

Prospects for foreign investment in Portugal this year are not encouraging, according to a source in the IIE with whom O JORNAL made contact. He regarded the prolongation of the world economic recession as the main cause of the weak growth in 1982 (5 percent) of the IDE apparently a situation now aggravated because our image of governmental stability has been broken. This situation has been noted abroad.

Main promotional activities of the IIE were planned for Japan, with an upcoming mission to that country led by institute president Alexandre Vaz Pinto. This was organized in cooperation with a Japanese bank. The cautiousness of the Japanese when they invest abroad is well known; they definitely do take into consideration political stability as a determining factor.

Before our political crisis, big expectations for definite contacts already were being relied upon inasmuch as Japanese investors had shown a certain tendency to pull out of Spain because they believed that a stable political situation did not exist in our neighboring country. Our institute intended to attract part of these investments to Portugal, especially those in the electronics sector and other projects already under study.

In 1982 we managed to convince the Japanese investors that Portugal did have a climate of social and political stability and that investment opportunities did exist here, our IIE source said. He then added that he did not very well know what the reaction would now be to the political crisis which has been dragging along for some months. Previously completed promotional work guarantees that four missions of potential Japanese investors will be coming to Portugal this year in cooperation with the Osaka Chamber of Commerce.

It was noted that Japanese investments in Portugal increased from 79,000 to 234,000 escudos between 1981 and 1982.

The Arabs Discover Portugal

Another promotional target for IDE has been Arab capital which "discovered Portugal" in 1982, making some important investments then and planning for others. (They bought the Penta Hotel and were negotiating for a tourism-type investment of millions of contos in Sesimbra).

For this year the IIE has planned some missions to the Arab countries (just since June six special contacts have been made), and also plans a large promotional effort for the Hanover Fair aside from three other missions to the United States. The United States is the country which invests the most money in Portugal (2.5 million in 1982 and 3.2 million in 1981.)

9972

CSO: 3542/17

RECKONING WITH CRISIS COSTS

Lisbon DIARIO DE NOTICIAS in Portuguese 18 Jan 83 p 1

[Excerpt] Portugal's economic-financial situation dominated the meetings the president of the republic had yesterday afternoon. It is being given great political significance in context of Eanes' decision to confer with the council of state this afternoon.

In the "working sessions" Eanes held with the minister of finance, the secretary of state for the treasury and the governor and vice-governors of the Bank of Portugal, Joao Salgueiro told the president of the republic that the nation was "neither in a situation of financial disruption nor was it in increasing difficulty with the International Monetary Fund." Salgueiro's position is shared by Jacinto Nunes.

On leaving Belem palace, the finance minister said it was clear that "whatever the president's solution to the crisis, it will be based upon an understanding of the economic-financial situation." "Moreover," he stated, "the need for great solidarity is essential not only in the political (domestic and foreign) aspect, but in all aspects so as to resolve the nation's problems."

In Joao Salgueiro's view "the question before us now is not whether the nation can put up with the abnormal political crisis but what the costs resulting from it are."

9935

CSO: 3542/22

BRIEFS

BUDGET ALLOCATIONS ONLY MONTHLY--As soon as it takes office, the next government will have to adopt certain measures in the economic sector, already scheduled but suspended due to the resignation of Prime Minister Pinto Balsemao. The country will be living from month to month beginning 1 January inasmuch as the state budget for 1983 has not been approved by the Assembly of the Republic and it will be up to the next government to come up with a new document or re-affirm the one which was drawn up by the Joao Salgueiro team. Meanwhile, we have to consider that, since there is no budget, the taxes to be levied will exceed the 1982 rates, representing a loss of billions of escudos of income by the public administration and increasing the budget deficit. The existence of the state budget and major options of the plan is a condition which is fundamental to the administration of the public accounts and to the determination of the country's economic policy. [Text] [Porto O PRIMEIRO DE JANEIRO in Portuguese 8 Jan 83 p 1] 8568

STATE DROPS PUBLIC PARTICIPATIONS--More than 60 proceedings involving a like number of companies in which the state, autonomous funds, public firms, welfare institutions or companies with public capital hold a major share of the capital are being finalized for the purpose of terminating state participation in those companies, according to information received by EXPRESSO from a reliable source. In accordance with the provisions of an administrative directive, by the end of 1982 state participation in 14 firms in the aforementioned category was terminated. According to an official source contacted by EXPRESSO, the companies involved are said to be mainly credit institutions, insurance companies and the Institute for State Participations (IPI). Moreover, the 66 proceedings underway concern companies in the construction industry, real estate companies, cement industries, maritime shipping companies, food and beverage industries and other heavy converting industries. The legal procedure for eliminating state participation in companies of sectors covered by the law is in the form of a public auction with a minimum of litigation. [Text] [Lisbon EXPRESSO in Portuguese 8 Jan 83 p 20] 8568

SATISFACTORY NEGOTIATIONS WITH EEC--Antonio Marta, vice chairman of the Committee for European Integration, asserted that "the balance of the negotiations between the EEC and Portugal in 1982 is extremely positive. We are managing to make progress in extremely difficult areas, like textiles," Antonio Marta said. "Two-thirds of the 'dossiers' are resolved," he continued, "and the future German presidency (beginning 1 January 1983) has scheduled a ministerial

meeting for 24 January. Portugal's entry into the EEC was and continues to be above all a political entry," Antonio Marta said, and went on to say: "On the technical level I see no problem which cannot be resolved." [Excerpt] [Lisbon A TARDE in Portuguese 7 Jan 83 p 9] 8568

CSO: 3542/12

NEW DEMANDS OPEN RENFE COLLECTIVE BARGAINING

Madrid EL PAIS in Spanish 27 Jan 83 p 43

[Article by Felix Monteiro]

[Text] Discussions of the fourth RENFE [Spanish National Railroads] plenary convention began today in Madrid. RENFE is the leading firm in the country insofar as the total number of employees is concerned, and therefore this convention will serve as a landmark for the evolution of collective bargaining during the current year. The proposal submitted by the committee representing the various RENFE branches envisions a 13 percent wage increase, a half-yearly review, a 39-hour work week, the creation of 10,000 new jobs and other social and economic improvements.

The fact that these discussions have begun while employers and labor unions are still carrying on conversations regarding an agreement among confederations for this year and the fact that between themselves the CCOO [Workers Commissions] and the UGT [General Union of Workers] hold practically 90 percent of the total union representation in RENFE will make the results of this convention of added significance in indicating just which ways collective bargaining in the national sphere will go. In actuality the number of RENFE employees exceeds 70,000.

The program submitted by the committee representing the various branches contains a request for an aggregate 13 percent wage increase, equivalent to the estimated increase in the consumer price index (IPC) for 1983. The distribution of the wage increase is to be proportional. Total wages in 1982 increased by some 90 billion pesetas. Of this amount, regular wages accounted for some 50 billion pesetas. Production bonuses and varying expenses (overtime, travel and unused leave) made up the difference.

The program likewise includes a clause for a half-yearly review. If in June the consumer price index has exceeded 50 percent of the 1983 wage increase, then the amount by which it exceeds 50 percent will automatically be doubled and added to the wage increase retroactive to 1 January. The committee proposes to standardize the daily expenses item at 1,500 pesetas, to increase stipulated bonuses and other extra compensation items and also to complete the establishment of a salary scale which was begun at the previous convention.

The work week asked for is a 39-hour week, divided into 5 days of work and 2 days off in keeping with the most favorable arrangement. They are considering, however, that in the future they will have to push toward further successive reductions until the 35-hour week has been adopted. At the present time RENFE logs an annual work period of 1,880 work years which averages out to 41 hours 10 minutes per week.

The committee is asking for an annual vacation period of 30 work days with 1 day added for each 10 years an employee has been with the firm. In branch offices where the privilege of fortnightly vacations has become established, these must begin on the 1st and the 15th of the month.

Creation of Jobs

Among the demands being made at the convention is one for hiring 10,000 new workers. Among these, 3,000 would replace persons due to retire this year. The remainder of the new employees would make up the difference which exists at present between the theoretical and actual number of employees on the rolls--a figure estimated at 2,000 positions by the committee; new positions to obviate leaves and vacations still not being taken; and new positions to cover reductions in the work week and in overtime.

According to CCOO sources, during 1982 almost 19 million extra hours were worked in firms, this extension of the normal work week amounting to 8.5 billion pesetas.

All newly hired employees, as the trade union representatives at the convention see it, should have to go through the system's training schools. Workers' representatives are asking that they be included on the examination boards for hiring new employees and for promotions.

Regarding the management of the firm, the committee is asking that the Administration Council of the company include an equal number of representatives from the state and from among the workers. For another thing, they are asking for the immediate integration into RENFE of the Spanish Narrow-Gauge Railroads (FEVE) with a specific schedule of dates for accomplishing this; and the committee is also asking for the initiation of a study for the purpose of absorbing TALGO, TRANSFESA, Pullmans and Railway Contracts.

The unified program as presented had been approved by the committee representing the various branches on 12 January which at that time also took up other matters in reference to transfers, production bonuses, Sunday and holiday work (time and one-half pay over regular time pay), working conditions, faulty work and sanctions. They established the forced retirement age at 64 with payment of 100 percent of wages and also providing for filling vacancies thus created. The committee representing the various branches has proposed that seats at the negotiating table be occupied, insofar as the trade organizations are concerned, by six representatives from the Workers Commissions, five from the UGT, one from the Free Railways Union and from the workers.

Sources of the negotiating commission stated yesterday that they hope that the discussions this year will be more flexible and fruitful than at previous conventions as a consequence of the change in government. They characterized the proposed program as "realistic" and as a synthesis of proposals previously put forward by the different unions which are represented in the firm.

9972

CSO: 3548/120

DISCUSSION OF MUNICIPAL DEFICITS, POLICE FUNCTION

Barcelona LA VANGUARDIA in Spanish 14 Jan 83 p 7

[Article by Jose Macca: "Mayors Discuss Municipal Corporation Deficits with Government"]

[Text] Madrid--The study of the municipal elections law, the law governing the foundations of local regulations, the law governing the financing of public ground transportation, as well as the financing of municipal corporation deficits, have been the rationale for the meeting held by the minister of territorial administration, Tomas de la Quadra Salcedo, with the mayors or representatives of the nine Spanish municipalities with a population of over 300,000 inhabitants.

The meeting, which started at 10:00am and lasted for one and a half hours, has served to "study the urgent problems affecting the municipalities at the present time and which have been received in a new spirit since the advent of the new government," according to Barcelona's Socialist mayor, Pascual Maragall.

According to the minister Tomas de la Quadra himself, "This dialogue between government and the municipalities, which will be repeated next February or during the first few days of March in Barcelona, has permitted the assurance of an agenda for the promulgation of the laws that in the future will regulate the functioning of local administrations." The commitment of the ministry is to have the municipal electoral law, the law for the establishment of local regulations, the law for financing urban ground transportation and the law governing tax regulations for local corporations approved by 1983, "that they will be submitted to Parliament before the first quarter."

Municipal Deficit: 120 billion

Another problem discussed at this meeting was the financing of the municipal corporations' present deficit, especially that of large cities. To this effect, according to the minister, "the increase of one or two points in the Fund for Municipal Corporations" has been studied, "while the redistribution of the percentages among the various Spanish municipalities is being considered." Also the Banco de Credito Local, to whom our country's city governments owe 120

billion pesetas, will be able to depend on a monetary contribution from the government budget that will decrease the municipalities' present debts. These debts, which go as far back as 31 December 1979, are what establishes the economic deficit of the city governments for the 1980, 1981 and 1982 fiscal years, which amount to 120 billion pesetas.

According to what some of the mayors who met yesterday at the ministry said, one of the city governments' biggest problems is that of public ground transportation, for which reason it is hoped that in accordance with the new law anticipated for 1983 the cost of the bus fare will be divided among the consumer, the city government and the state.

For his part, the mayor of Barcelona pointed out that in the majority of municipalities there is a financial need that makes inevitable the increase in the Cooperative Fund through the collaboration of the Official Credit Institute. He also added the law of urban transportation to the projects mentioned earlier by the minister

Finally, and after asserting that the subject of keeping the municipal pacts with the UCD [Union of the Democratic Center] had not been brought up at the meeting, Pasqual Maragall emphasized that the subject of taxes on ownership and use of housing cannot be omitted from the important subjects dealt with by the local corporations, "although the revision of this matter is necessary. It cannot be accepted the way it is presented now because it only harms the less affluent classes."

This meeting was attended by the mayor of Madrid, Enrique Tierno Galvan; the mayor of Barcelona, Pasqual Maragall; the mayor of Valencia, Ricardo Perez Casado; Sevilla's mayor, Luis Urunuela; Zaragoza's mayor, Ramon Sainz de Varanda; Valladolid's mayor, Tomas Rodriguez, and the first deputy mayor of Las Palmas, who attended as proxy.

Even though only the nine mayors of Spain's most important cities attended this meeting, the minister stated that through Spanish Association of Municipalities they will receive the contribution and opinions of the rest of the municipalities.

Barrionuevo and the Municipal Police

The minister of the interior, Jose Barrionuevo, also received a delegation from the Spanish Association of Municipalities and talked with its members about the new regulations for the municipal police, which according to what the members of the municipal delegation said to reporters, will have the standing of a decree-law.

The members of the commission gave the head of the department a general idea of what they believe the Municipal Police regulations should contain. In their opinion they should essentially define this security force, its area of activity and its responsibilities. Also one of its divisions should be in charge--they said--of identifying deficiencies within the municipal force and regulating the penalties. They added that it will be given the role of collaborator of the country's security force.

According to information received, the minister did not specify a time limit for putting into effect the decree-law, but all of those present at the meeting agreed that it should be put into force "as soon as possible."

To the question of whether, in the projected regulations of the Municipal Police the matter of the urban police not carrying firearms should be addressed, Andres Moreno, deputy mayor of Palma de Mallorca replied: "Although many of us would be happy if the police did not have to carry arms, this is not possible. The Municipal Police might have to face situations in which they would have to act as agents of the law. This can be limited to certain areas. In Palma de Mallorca for example the precinct police do not carry arms but they do carry mace for defense.

"But it could be an irresponsibility--he added--for the Municipal Police not to carry arms because there are situations where perhaps they might have to use them. In any case, they are given to understand by all city governments that before using them they should think ten times over. We believe that a gun is a dissuasive rather than a repressive element."

9907

CSO: 3548/107

BANCO EXTERIOR TO ACCENT DOMESTIC COMMERCIAL ACTIVITY

Madrid EL PAIS in Spanish 20 Jan 83 p 41

[Text] The gross profit of Spain's Banco Exterior during 1982 was 4.063 billion pesetas, for an increase of 11 percent over that of the previous year, once significant amounts have been allotted to reserves for bankruptcies and for compensating possible fluctuations in the exchange rate of the peseta, according to a statement made by Francisco Fernandez Ordonez, president of this institution, who in this capacity has made it his goal to convert this bank into one that is competitive with the rest of the financial system.

The allotments made by the Banco Exterior for bad debts and bankruptcies, as well as those for possible fluctuations in the exchange rate of the peseta in relation to other currencies, are close to the upper limit specified in the "superpastoral" by the Banco de Espana--1.5 percent of the total assets at risk for each institution--which is not subject to fiscal accounting, as stipulated in the regulations for corporation taxes.

Eleven billion pesetas have been allotted to reserves, which is 56 percent more than the previous year, and 4.33 billion pesetas were allotted to the fund for fluctuation in the exchange rate--created the previous year--which brings the current amount of the fund to 5.13 billion.

These figures confirm the compliance by "the most public of the private banks" with the agreement existing among the "big seven", in that the figures for this year should oscillate within a 10/11 percent growth range.

The new president of the Banco Exterior favors continuing the policy established by former executives--whose foremost representative, Rafael Martinez Cortina, continues to be Fernandez Ordonez' principal collaborator--of emphasizing more and more the nature of the Commercial Bank, without neglecting on this account its basic purpose, which is that of providing funds to carry out the export activities of the Spanish economy.

The possibility of private banking assuming as time goes on a bigger role in the concession of credit to the export sector at a subsidized rate of interest, as the Banco Exterior does, means that it has reached a ceiling in this type of

business. At the present time, Spain's Banco Exterior provides 62 percent of the export credit granted in Spain. It is logical that this percentage should not only cease to grow, but that it should decrease significantly during the coming years, even if this bank continues to be the first bank in the financing of exports.

The Banco Exterior has a two-track option for expansion: to be better represented in the international financial markets, and to achieve this it will try to break into the North American west coast market, where there are hardly any Spanish banks, and above all, to plunge into the Spanish internal market as a commercial bank in open competition with the private banks.

According to Francisco Fernandez Ordonez, the plan for transformation into a commercial bank entails "becoming larger, lowering the cost of liabilities", since this is one of the highest in Spanish banking. For this, the "gentlemen's agreement" reached by the representatives of the big banks should be honored, and Fernandez Ordonez believes that for the Banco Exterior to become one of the "big" banks within the Spanish internal market it will have to lower the transformation costs, especially the ones relating to personnel, which are high in this bank; introduce "informatization" in the organization and offer the Spanish clients the same financing benefits offered by private banking. The negotiation of the collective agreement for this year will possibly be among the most difficult.

9907

CSO: 3548/107

KARSLIOGLU INTERVIEWED ON SLUMPING AUTO INDUSTRY

Istanbul DUNYA in Turkish 7 Jan 83 p 4

/Interview with General Director Ferit Karslioglu of Bayraktarlar Motor Vehicle Industry and Trade Inc by Suleyman Isik/

/Text/ Ferit Karslioglu, general director of Bayraktarlar Motor Vehicle Industry and Trade Inc, said the costs for automotive firms had gone up because of their policy of producing "few cars of numerous models."

General Director Ferit Karslioglu of Bayraktarlar Inc, which is located in the Bursa Organization Industrial Zone and manufactures Farba-Cibie headlights, said they make 51 varieties of headlights because every company orders a different kind. "For years, automotive companies have tried to create demand by making cosmetic changes in their cars, not in the basic features, motor or design. But any increased demand has been minimized by higher costs stemming from diversified production," he said.

The following is an interview with Ferit Karslioglu, general director of Bayraktarlar Motor Vehicle Industry and Trade Inc, by our colleague Suleyman Isik.

/Question/ What do you manufacture and which firms on the domestic market do you manufacture it for?

/Answer/ We are the Turkish manufacturers of Farba-Cibie headlights. We manufacture headlights for almost every company in the automotive sector. We make lights for cars, buses, minibuses, large and small trucks, tractors, motorcycles and business machines for, to name a few, Totos /as published; probably TOFAS, Renault, Chrysler, General Automotive Industry, Otosan Automobile Industry, Otoyol Automotive Industry, BMC, Turkish Automobile Industry, Ford-Hydraulic Machinery Industry and Trade Inc, Uzel Company, KARSAN /expansion unknown/, M.A.N. Truck and Bus Industry, Magirus, Jeep, Skoda, Turkish Tractors and OTOPAR /expansion unknown/. We make 51 kinds. We started up in December 1979. We did work primarily for Renault and TOFAS /Turkish Automobile Factory Corporation/, the largest auto makers in

Turkey. Later we began to expand. At first we made headlights for three Renault models and then we made square ones for TOFAS' Murat 131. They each have different headlight models. We have talked with company officials about standardizing design, but as long as each company wanted its own headlight design, we had to go ahead and invest in the forms. This is what we did. When each company began ordering a different type of headlights for each different model, we got up to 51 different designs. We persuaded everyone but Renault and TOFAS to use standard headlights. The purpose is lighting, and that is what we do. We say design is not that important. We have got the large majority to go along with this.

/Question/ What consequences accompany this product diversification?

/Answer/ First, not going with standardization and having every company looking for special designs affects production. It limits assembly line production. A second problem is that diversifying production just runs up product cost. This cost increase does not seem very important to the companies. They are hoping primarily to expand the market by changing the appearance, making cosmetic changes in their cars. They increase demand to an extent. But the automotive firms give no thought to increasing demand by reducing costs and think they are making a profit this way. There is another aspect of the problem that concerns the consumer. The buyer has to pay a high price for headlights and at the same time is unable to walk into any store and get what he needs because of lack of standardization. We, as the manufacturer of the headlights, run into problems on our production line. Quality drops as well because the necessary expertise cannot be gained when production is diversified.

/Question/ How has the crisis in the automotive industry affected you as an auxiliary industry? What is going to be the status of this crisis in 1983?

/Answer/ The automotive sector was able to produce at only a little over one-third of capacity in 1982. It is thought that production in 1983 will be about 10 percent higher than in 1982. Such developments as people expecting to get back the money they put in the brokerages, wage hikes and reduced interest rates at the banks are all sources of hope for 1983. But it will be impossible to recover from the crisis in a short time. As for how it has affected us, the automotive firms had wanted us to keep our capacity high a year before we opened the facility. Considering that 1978 was a year in which demand could not be met, we opened with high hopes. We took this information coming from the automotive firms as the basis for setting our capacity. Then everything turned around and the crisis began. We are managing, on the domestic market and through our exports, to fill three-quarters of our annual 600,000 capacity. We manufactured 450,000 headlights in 1982. Our 1983 production target is 500,000. This increase takes into account the 10-percent production increase predicted in the major automotive industry this year.

The future of the automotive industry, in my opinion, depends more or less on keeping costs steady and on exports. The price on TOFAS of the headlight we manufactured for the Murat 131's was 1,100 liras. A different, round headlight

was used in the "Dogan" model. The price for that was three times higher. The price of the headlight that will be put on the "Mirafiori" model to be manufactured in 1983 will be four times higher than the original price. Actually, the pie in the major automotive industry is only so big, and everyone wants a bigger slice of it. This means increasing sales. The companies are putting more emphasis on aesthetic considerations to do this. They are trying to attract buyers with aesthetics, so prices are going up despite the crisis. This is a short-term solution. I suggest common designs. This could happen between TOFAS and Renault, and the others could follow suit. Common models would both prevent competition and make it possible to appeal to a broad market because costs would be low. The trend to fuel conservation and lighter-weight cars is spreading throughout the world. Instead of following these trends, we are tending toward the production of showier cars. Taxis in England have had the same model for 50 years. Nobody thinks anything about it. In fact, it has quite a few benefits. We should start working on common models, too, and stress standardization.

/Question/ How do you see the chances for your headlights on the foreign markets? What are your 1983 export targets?

/Answer/ The reason we were not overly affected by the crisis is that we went to foreign markets. Even though we just opened our facility in 1979, we did extensive market research in the Middle East and Europe in 1980. In 1981, we had exports of 105 million liras to the Middle East, Iran in particular. In 1982, we exported 40 percent of our 450,000 production and earned 350 million liras in foreign exchange. We exported to Britain and Switzerland. It was a great success for us to enter the British market that has a giant headlight company like Lucas and take the Iranian market from them. Furthermore, after a test in France, our products were found to meet European standards and were certified. I hope we will meet 1982's export figures in 1983. I can say in addition that we are settled in the Turkish marketplace.

8349

CSO: 3554/107

BUSINESS VIEWS 1983 IMPORT SCHEDULE VITAL TO FREE ECONOMY

Istanbul MILLIYET in Turkish 7 Jan 83 p 4

/Text/ The 1983 import schedule is being described as an important step in the transition to a free economy.

Businessmen and industrialists whom we interviewed following Minister of Commerce Kemal Canturk's announcement of the "1983 import schedule" are generally pleased by the new schedule. Ali Kocman, chairman of the board of directors of the Turkish Industrialists' and Businessmen's Association /TUSIAD/, said that the new import schedule is more liberal than anticipated and they hope the export schedule will be equally liberal.

Nurullah Gezgin, president of the Istanbul Chamber of Industry /ICI/, said that the new import schedule reflects the stage of development in this regard of the economic model being pursued, adding in summary:

"There are innovations in security deposit rates, the payment of letter of credit fees and bureaucratic easements. But what is basically new, reflecting the thinking behind the import schedule, is what we may call 'decontrol'--allowing industry to import specific products to initiate it into foreign competition. The designated duties and customs protection are intended to protect this competition capability and the consumer as well. Opening up other products in which the production and sales mechanisms are apparently under monopoly or oligopoly to competition also with reasonable customs and duty protection will be to the benefit of both industry and the consumer. It is a gratifying development to see this kind of thinking behind the new import schedule."

Ali Zafer Taciroglu, a council member of the Istanbul Chamber of Commerce and the ICI, also said that important steps had been taken toward transition to a free economy but he still had reservations. He said:

"The 1983 import schedule shows in general that Turkey is making progress, albeit slow, in the transition to a free economy. It reemphasizes the competitive tradition of Turkish industry with world markets. It reminds us that the domestic market can no longer be exploited against monopolistic price units. And it shows that it will offer industry protection, not absolute protection but a relatively sensitive protection against the outside. But the reduction in import security deposits is not sufficient; it could have been bigger."

Battery manufacturers, meanwhile, have reacted to the new import regime. Manufacturers said the local battery industry is strong enough to compete in both quality and price with imported batteries.

Rifat Saban, general director of the Dry-Cell Battery Industry which manufactures "Berec" and "Kivi" brand batteries, indicated that the new import schedule would not bring price stability to the domestic market, saying in summary:

"The price of imported batteries will be higher than ours. We do not have a price instability problem on the domestic market anyway. There was a 27-percent hike in battery prices in 1982. The local battery industry is strong enough to compete in both quality and price with imported batteries."

General Director of Pilma Tudor Batteries Haluk Ide said that the battery price hike lagged behind the increase in raw materials prices. "To avoid raising prices, we lowered our 10-percent profit margin to /number illegible/ percent. We cannot stabilize prices with imported batteries because they cannot compete quality and price-wise with batteries produced by local industry."

8349

CSO: 3554/107

CONSTRUCTION INDUSTRY DEMANDS HIGHER UNIT PRICES

Istanbul DUNYA in Turkish 13 Jan 83 p 8

[Text] It is being argued that the 1983 price structure for construction and labor expected to be announced by the Ministry of Public Works will result in a brokers-type scandal in the contracting business. Basri Akcaru, general secretary of Turk-Insa, says that "it is not possible to proceed with construction soundly on the basis of this price structure."

The Ministry of Public Works called for an average increase of 13 percent in labor and basic building costs for the construction industry in 1983. According to information contained in the current price lists now being printed, there are no studies regarding the price increase, and the resolution will go into effect as usual. On the subject of new prices, officials of some construction companies in statements made to DUNYA all agree that the price increases provided for by the ministry are not "adequate."

Cemalettin Ozgur, manager of Cemil Ozgur Enterprises, noted that "one cannot calculate on what base" the Ministry of Public Works established the new prices, and added:

"In spite of limits on increases due to labor agreements with the Supreme Judicial Council, how will the contractor be able to meet labor costs with these prices? It is said that the resolution was formulated taking into consideration the excessive discounts given for contracts. We are against excessive discounting. Yet, troubled companies attempt to stay afloat by giving discounts and getting the contract instead of going bankrupt. I believe that many companies in the contracting business will face bankruptcy this year."

Ozer Soysert, general director of Delta Construction, stated that "many sacrifices are being asked of the contractors to prevent an increase in the rate of inflation." In his statement, which noted that the slowdown in the construction industry had reached dangerous proportions, Soysert added: "We cannot guess what the sacrifices asked of contractors in this period will in the future. According to unofficial findings, an average increase of 13 percent corresponds to around 8 percent in jobs stretching over several years. This rate, then, amounts to nothing if one keeps in mind the anticipated increases for iron and cement--basic materials for construction--and oil."

Idris Yamanturk, general director of Guris Construction and Engineering Corporation, also argued that the ministry established the price structure based "on subjective and emotional grounds and in a partisan manner." Regarding prices, Idris Yamanturk said:

"This year, the Ministry of Public Works has been much more unfair than usual in setting current prices, bringing many companies to the brink of bankruptcy. The prices established by the ministry, for construction equipment and daily wages of laborers in particular, are about half of what current market values have been for some time now. The ministry increased a year too late prices that were 80-90 percent below true market increases. Still, the prices established at the end of 1982 were kept at figures reflecting less than 50 percent of actual price increases."

Basri Akcaru, general secretary of Turk-Insa, short for Turkish Government Contractors and Employers Union, also said that "it will not be possible to proceed with construction soundly" on the basis of the new prices. Noting that the price increases were "without any relationship to some gauge," Basri Akcaru characterized the resolution as "unrealistic."

Basri Akcaru added that should the new price structure go into effect as is, many companies in the construction field could go under; he also explained that the Ministry of Public Works had sought input from Turk-Insa and INTES [Construction Industry and Trade Corporation] in the preparatory stages of pricing, but that the proposals submitted were not taken into consideration.

Basri Akcaru, general secretary of Turk-Insa, said that the new pricing can only further aggravate the problems created by the slowdown of the construction industry and added that "we should be ready for another brokers' scandal in this market." He concluded by adding that contracting companies, feeling obliged to offer contracts at 45- to 50-percent discounts to overcome cash problems and make up for losses in 1983, will find themselves in even greater trouble now.

Timucin Gonen, technical director of Tekas, agreed that the new price structure "is not compatible with present inflation." Timucin Gonen explained his position on this matter:

"This increase will create difficulties for contractors doing business with the government. I think that the reason for the resolution was the discounting of contracts. After the brokers' scandal, business for contractors who until 1979 were referred to in the construction industry as speculative contractors fell off; this prompted the contractors to switch to government contracts which, in turn, was the reason for increased discounting. These business ventures merely represented efforts on the part of contractors to secure government work; ability to perform was secondary. The size of these discounts probably convinced the authorities to come up with this resolution, but, without any doubt, it is an unsound and unrealistic one."

Ali Eksi, president of the Administrative Board of Eksile Construction Corporation, also said that "it is difficult to understand what criteria were used to establish current prices" for 1983. He added:

"In the present paralyzed market conditions due to the tight financial situation in which the construction industry finds itself, some companies gave large discounts to secure contracts. When contracts reputedly thus obtained are executed under the new pricing policy, problems will be created that, I fear, might prove to be insurmountable in the future."

Meanwhile, the Ministry of Public Works is proceeding with the printing of the 1983 construction price lists. This 1983 construction price structure--and there are no studies for changes--provides for the following price increases: labor 11.6 percent, moving outlays 22 percent, construction equipment 10 percent, iron and cement, the base materials for construction, 9.3 percent.

12203

CSO: 3554/117

PROSPECTS FOR TURKISH EMPLOYMENT DIM

Istanbul MILLIYET in Turkish 11 Jan 83 p 4

[Text] According to the World Bank, 17 out of every 100 people in Turkey able to work are unemployed. If large investments are not encouraged, the unemployment rate will climb to 19.3 percent in 1985.

In a three-volume report by the World Bank entitled "Turkey--Public Sector Investment Review," the assertion is made that unemployment in Turkey is currently 16.8 percent and will be 19.3 percent in 1985.

Here is a summary of the views contained in this report, which also emphasizes structural change in Turkey: "The increasing allotments of public sector investments for agriculture represent steps in the right direction. Moreover, now that large irrigation projects (especially new ones) are being curtailed, activities in support of exports ought to draw more interest. A great deal of organizing needs to be done at marketing and transportation facilities. Above all, more support must be given to farmers, particularly those geared toward foreign sales."

The report notes that as long as there are no clear, meaningful signs of encouragement vis-a-vis the uncertainty of the Turkish market and the world market, the private sector will soon be unable to rush headlong into the responsibility of making large investments. The report goes on to emphasize that this, in turn, will cause the unemployment rate to jump from 16.8 to 19.3 percent in 1985.

The following ideas are advanced in the section of the report containing suggestions for developing Turkish industry: "Turkey has remarkable potential for developing those industries in which it could benefit from its own relative superiority--e.g., processed food, hand-woven textiles, handmade clothing, leather shoes and leather products, furniture and wood products, industrial equipment, etc. All of these industries share certain features. They are all industries requiring no legal process. They are small- or medium-scale industries and can therefore be developed by adapting existing operations. Concentration of capital for these industries is low, which means that their potential for creating jobs is high. Many involve manufacturing activities that can be separated from each other, e.g., mastercraftsmanship or fine hand workmanship, basic assembly and beginning and end processing. Finally, all of these industries complement large industries."

12279

CSO: 3554/116

SURVEY OF TURKISH PROSPECTS IN FAR EAST MARKETS

Istanbul TERCUMAN in Turkish 13 Jan 83 p 5

[Text] Ankara--Turkish Minister of State Sermet Refik Pasin, Central Bank President Osman Siklar and Union of Chambers President Mehmet Yazar provided TERCUMAN with their evaluation of the trip they made to the Far East with Turkish President Kenan Evren.

Minister of State Pasin, pointing out that the Far East countries have significant trade potential, remarked that for Turkey to be able to develop relations with these countries, a free zone must first be established in Turkey and arrangements made for regular maritime service to the Far East.

Siklar, in turn, commented that in order to be able to improve our volume of trade with the Far East countries, "It is not enough to simply hand agreements to Turkish industrialists and exporters and tell them to make a good appearance; these industrialists and exporters must be given timely, sufficient credit to cover investments, operations, production and exportation."

Mehmet Yazar, focusing on Turkey's potential as a trade base for the Far East, opening the way to Africa, the Middle East and Europe, said, "I call on our companies; they have a historical duty. The time has come for them to do business on a worldwide scale. The government has its duties in this as well. Any steps taken to encourage exports must be viewed as legitimate and praiseworthy, and pettiness must be avoided. There is no other way that this fight can be won."

Siklar's Views

Central Bank President Siklar explained the decisions reached in his contacts with Far East central banks as follows: "We are to open mutual accounts in U.S. dollars. This will enable our banks to promptly transact mutually granted 'courier' credits and orders of payment up to a set limit. In the case of contract services, orders of payment given to Turkish firms by our banks will be accepted by the central banks of the Far East countries."

Noting that our trade relations with distant countries hold tremendous potential, Siklar outlined the main conditions for our success in these relations as follows:

"Turkish industrialists and exporters must be given timely and sufficient credit for investments, operations, production and exportation;

"Public sector organizations that produce raw materials and semi-finished products must accord priority to industrialists and manufacturers, selling them goods on credit if necessary; and

"Incentives must be created for improving the packing industry."

Mehmet Yazar's Views

According to Mehmet Yazar, President of the Turkish Union of Chambers, a maritime line extending to the Far East must be established for Turkey to improve its volume of trade with the Far East. He stated, "At least three free zones must be established in the Marmara, Aegean and Mediterranean Seas, and in this regard Istanbul should not be overlooked as a prospective free zone."

China: In remarking that of the countries visited, China has the greatest trade potential for Turkey, Yazar explained: "At first glance, it might seem that China does not fit in well with us when you think in terms of the regime there. However, China has been trying to raise its standard of living by replacing its closed economy of 4-5 years ago with an increasingly liberal system. China's population exceeds 1 billion, which essentially means that demand there for just a single product could reach huge proportions. In our talks with the Chinese, they expressed a desire to obtain fertilizer, chromium, copper and boron from us. They have some interesting proposals. They would like to purchase all of the ferro-chromium that we can produce, and a joint ferro-chromium processing plant could even be built in Turkey. China is slowly emerging in the construction sector, too. The Chinese have obtained big construction jobs from Iran and Iraq. They hope to purchase large quantities of cement from us for the projects they have here in Turkey, as well as construction materials for the deluxe hotels they will be building in their own country. Since it is easy for the Chinese and us, with our ancient Eastern cultural roots, to understand each other, and since business in China is run by 15 large organizations, and prospects for doing business in China seem both easy and encouraging for our businessmen..."

Indonesia: Yazar described his impressions of Indonesia as follows: "In Indonesia, 22 private and public firms are working together in the field of construction, and they have a tremendous desire to open up to the outside world. Both the intensive investment activities in Indonesia and the prospect of undertaking joint projects abroad with the Indonesians present a very attractive opportunity for our construction sector. We, in turn, could sell Indonesia all sorts of capital goods, utilize Indonesian resources such as rubber and oil and build turnkey dams, factories and plants for Indonesia."

South Korea: Speaking of South Korea, Mehmet Yazar began by saying, "I felt very envious." He continued: "I envied the fact that South Korea, which had trailed us for 22 years, has leaped significantly ahead of us recently. Perhaps the fact that we spent the 1970's boasting played a part in this, but above all it was achieved by self-initiative. Self-initiative is such an honored thing in South Korea that any private sector firm obtaining a 2-percent share of exports is immediately taken into government protocol. We need to learn a lesson from these people."

Yazar went on to say, "The South Koreans would like to do business with us over such things as cement, leather, food products, wheat and cotton. We, in turn, could benefit from them in terms of electronic equipment, maritime transportation and shipbuilding. By the same token, we could accommodate their desire to conduct transit trade to Iran and Iraq via Turkey. Both of us would have something to gain from this."

Bangladesh: In expressing sorrow over the fact that Bangladesh was the poorest of the countries they had visited, Yazar commented: "This is why we need to help Bangladesh. But while helping that country, we can also do business with it, because Bangladesh not only gets preferred credit from the Islamic Development Bank but also uses UN Development Fund credit. Bangladesh has requests relating to agricultural investment and infrastructure and in particular irrigation. Moreover, we could use Bangladesh's jute to meet our needs, as well as re-export it to third countries via our country."

Yazar concluded by saying that during this trip to the Far East, initial contacts were made, providing hope for the future. He added that the decisions reached in principle with representatives of 150 firms can be brought to realization through reciprocal visits during 1983.

Pasin's Evaluation

Minister of State Refik Pasin, also emphasizing the need to pay careful attention to China because of its dense population and to South Korea because of its developing economy and strong purchasing power, made the following comments: "There really is significant trade potential for Turkey in the Far East, but achieving this potential depends primarily on the establishment of free zones in Turkey and the arrangement of regular maritime service to the Far East...We will continue to try to get the free zone established this year. We will also endeavor to get our maritime service, which goes as far as Pakistan, extended to Bangladesh and even Singapore."

Pasin continued: "In the discussions I held relative to this, some shipowners from the private sector said that they might be interested in maritime transport to the Far East. If we can overcome a major handicap such as transportation, I see no reason why we can't develop our commercial ties with the Far East. Another factor--lack of information--can likewise be overcome through mutual relations at various levels. In fact, this year we will be having a number of visitors from the countries we visited, including both officials and individuals from the private sector."

12279

CSO: 3554/116

PUBLIC HOUSING DILEMMA TIED TO BUDGET

Istanbul CUMHURİYET in Turkish 16 Jan 83 pp 1,11

[Article by Yalcin Dogan]

[Text] Ankara--After the brokerage incident, the topic that attracts the most interest today and that evokes a thousand sighs when mentioned is probably the "housing problem." And along with the housing problem, there is the public housing law and its application.

What is wanted is to put on the agenda again the housing law, which has been debated by the public the most since the middle of 1981 and about which everyone strives to express a view in terms of himself. This time, the subject is sought-after changes in the public housing law. While each person makes known his individual opinion, "views belonging to others" are seen to be brought up one after another in various corners of the Sublime Porte. They apparently want "to get away with something" with a change in the public housing law. They cause the fundamental problem to be evaluated as a "financing difficulty," and strive to strengthen their own theses with action stemming from this.

The public housing law and its application are on the agenda such that, beginning next Tuesday, for example, the subject will be discussed at a 3-day seminar in Ankara. Following this, a panel will be set up.

To what degree, one wonders, is the "financing problem" that is claimed to be the basic motivation for amendment of the public housing law true? And from where does this problem stem? Where is application now taking place impeded and has this type of "financing trouble" surfaced there?

One of the aspects of the public housing law most dwelt upon during previous law preparations was the "financing question." For the purpose of laying sound foundations for this, a relationship was established between the budget and the public housing law. Public housing would be built, but where would the money be found? Thus, this fundamental problem would be solved by beginning with budget resources. For the reason stated, an article was added to the public housing law. Each year, an amount of money equal to 5 percent of the budget would be put into a public housing fund.

Accordingly, the amount was in 1982, for example, 90 billion liras, the equivalent of 5 percent of the budget. Similarly, 5 percent of the 1983 budget is 127 billion liras. In other words, it was necessary to set aside 90 billion liras from the budget for the public housing fund in 1982. And this year, it is required to transfer 127 billion liras.

Despite this clear principle in the public housing law, both last year and this year, the amount of money set aside has been far below the amount foreseen -- even decreed -- by the law. While it was necessary for 90 billion liras to be allocated in 1982, 20 billion liras -- only 20 billion liras -- were appropriated. As for this year, whereas 127 billion liras must be put aside, 20 billion liras -- and only 20 billion liras -- have been transferred. In addition to the fact that these amounts are very low, there are the figures of the amounts actually used. In 1982, of the 20 billion liras allocated, merely 7.2 billion liras were utilized.

Now, a very interesting and even strange relationship and conclusion emerges. The budget law has overtly trampled the public housing law. This is because the budget law has not conformed with the amounts foreseen in the public housing law. Thus, a strange result becomes apparent. And at a time when everyone is crying for help saying, "Housing and more housing." During a period when great hopes are attached to a solution to the housing problem.

Yet, the fact that tendencies that have gone so far as to bring to the agenda wishes to amend the law claiming "financing problems" are not valid clearly emerges. By making the transfer to public housing from sections related to the budget law, the solution arrives on its own. Said more succinctly, application of the article dealing with the public housing law is sufficient. By allocating the money foreseen and actually using the money set aside, all this uproar will subside and cease. It is sufficient that the law be applied.

Well, then, what about complaints over applying the law longer? It will probably be necessary to look at the firms behind these articles. One wonders, which corners are behind them, which firm is behind them? Who truly defends the public housing law? Who hopes for what after a change is made?

11673

CSO: 3554/130

EXPORT OF 'VALUE ADDED' GOODS KEY TO SOLVING TRADE DEFICIT

Istanbul DUNYA in Turkish 14 Jan 83 p 5

[Text] It was claimed that the 24 January decisions are not lowering the foreign-trade deficit. Following an increase in the deficit from 1980 to the present to approximately \$12 billion, it was asserted that it is possible to place emphasis on the exportation of goods whose "value added" is high rather than to reduce importation in order to close the foreign-trade gap.

In an open forum in the December issue of the IKTISAT DERGISI [Economics Journal], Dr Oztin Akguc of the Istanbul University Faculty of Business Administration and Dr Gungor Uras, Aksigorta Corporation Administrative Council chairman, reported that it is necessary to export goods with high value added. Akguc, who stated that the rise in the foreign-trade deficit to a total of \$12 billion since 1980 largely explodes the thesis that the 24 January decisions are reducing the gap, said, "If Turkey had made energy investments leading to the production of either durable or nondurable goods, or both, in 1973 and thereafter, it would be in the position of a self-sufficient country." Akguc, who views the failure to stress investments in energy, one of the highest import expenses, as a significant mistake, noted that importance is being placed on the exportation problem as a means to bring the foreign-trade deficit to a level of balance.

Akguc pointed out it is necessary to examine carefully whether the question is one of stockpiles being exhausted by exportation in past years or the result of a parallel being established between production and exportation. He then spoke of the need to look at the questions, Which goods are superior? and In which markets are there advantages?, in order to solve the exportation problem.

Uras, on the other hand, claimed that it is necessary to determine well with which goods is there consumer competitive power so as to be able to succeed at exportation. He later added, "A high foreign-trade deficit in a nation's economy indicates that the economy is operating in an unhealthy manner. Reducing importation is one of the measures that must be taken. However, the measure of "cutting importation," which can have a productive result when applied in economies of more highly developed nations, can, when applied in developing countries, create negative results such as reducing investments and slowing down production." While stating that increasing exportation is the

best measure to close the foreign-trade gap, Uras pointed out that, besides the competitive power of goods that are produced, the problem of another "market" is very critical for success in this field. He continued, "For Turkey, the EEC is a means to make it possible to obtain a share of the European market and to enter this market on equal footing. And we let this possibility slip away. If we are able to make a change at the production level and produce goods to meet European demand, it seems to me that we will not run after the dazzling, deceptive demand of various countries that are forced to buy goods from Turkey because of political and conjunctural difficulties."

11673

CSO: 3554/130

BILL ENVISIONS INSURED DEPOSITS, TIGHTER BANKING CONTROLS

Istanbul CUMHURİYET in Turkish 7 Jan. 83. p. 6

/Text/ Ankara (CUMHURİYET BUREAU)--The Finance Ministry is continuing to work on the bill to amend the Banks Law. An article being added to the law introduces an "insurance" clause for bank deposits.

The Finance Ministry is revising the law to create "security for savers." An article to this effect has been added to the Banks Law amendment bill. According to that article, savings deposits placed in banks will be insured. The rationale offered for bringing deposits under insurance is that "deposits are at high risk when banks fail, or at times of crisis." The revision is reportedly being made to reduce savers' "risk" in "periods of emergency."

Under the insurance which it was learned will be compulsory for banks to hold on deposits, half the amount of savings will be paid immediately when a bank goes under. The remainder will be reimbursed following liquidation of the bank's assets. For example, savers with 100 liras in the bank would be able to get 50 liras of their savings immediately if the bank failed. The remaining 50 liras owed them would be paid after the bank's assets were liquidated.

It was decided that the bill should contain a provision on having a representative of the Finance Ministry sit on banks' boards of directors. The finance representatives would reportedly ensure coordination between the banks' practices and the Finance Ministry's monetary policies and provide "tight control" over the banks.

The point covered during studies conducted on the bank bill on having bank general directors appointed by the Finance Ministry is now in the discussion stage. Information obtained indicates that banks' boards of directors are opposed to having this power given to the Finance Ministry.

The projected "revisions" in banking also include a review of the banking practice of offering "high risk credit," it was learned. Finance Ministry research indicated that it is doubtful that certain credits opened by banks would be repaid but these credits appear in the banks' receivable accounts. Credits of this type which boost the banks credits in its accounts but are not "true credits" will be shown as "doubtful credits" on the balance sheets. The revision will reportedly be made to enable banks to predict their "true" debits.

CONCENTRATION ON THREE CITIES AS FREE TRADE ZONES

Istanbul CUMHURİYET in Turkish 13 Jan 83 pp 1, 11

[Report on Prime Minister Uluşu's press conference in Izmir announcing the selection of Izmir, Antalya and Iskenderun as possible free trade zones; date not specified]

[Text] After inspecting the Gulf of Aliaga Nemrut region proposed by the Aegean Chamber of Industry as a free trade zone, Prime Minister Bulend Uluşu said at a news conference that he called: "We are considering three areas-- Iskenderun, Antalya and Izmir. However, the working committee will decide where implementation should start first."

Prime Minister Uluşu noted that a distinction must be made between industrial and commercial free zone concepts and that, should Izmir be selected, it would be only as a free trade zone. Antalya and Iskenderun, on the other hand, will be considered for both industrial and commercial free zones.

To a reporter's question on whether local industrialists wanted Izmir to become a free zone, Uluşu answered, "Of course, everybody does."

Pointing out that the working committee studying free port and trade zones continues to be very active, Prime Minister Uluşu ended his statement with: "In preliminary findings, Izmir, Iskenderun and Antalya have been found to be suitable as free ports. Under consideration are the following: granting Izmir free trade status; in Antalya, establishing some system that will meet the needs of contractors doing business abroad; and establishing commercial and industrial free zones in Iskenderun. All these questions will be finalized after research and evaluation by the working committee and subsequent ratification by the cabinet."

Prime Minister Uluşu also inspected the heavy industry of the Aliaga-Nemrut area, which was proposed by the Aegean industrialists as a free zone. While on his way to the region by helicopter, Uluşu had a chance to inspect this proposed free zone region from the air.

Meeting with Businessmen

Yesterday morning, Uluşu called on Gen Sureyya Yuksel, commander of the Aegean Army and Martial Law Forces, and in the afternoon he participated in a meeting of the Aegean Chamber of Industry. At a talk he gave there, Uluşu said that

1983 has been proclaimed a year of frugality, work and progress. Observing that steps taken in previous years have noticeably cooled the economy's fire, Uluşu added: "Measures to be taken henceforth will be oriented toward recovery of our economy. Still, let me stress that all our troubles are not yet over. There are sacrifices that the government will ask of our great people. We will expect our people to work harder this year, produce more and, at the same time, save more. There is no future for individuals or societies that live only for the day."

Here is an outline of Prime Minister Uluşu's statement regarding economic policies:

--Investment in labor-intensive projects is emphasized for 1983, and projects creating jobs have priority. In addition, to counter unemployment, a positive climate will be created by using foreign capital investments in businesses with service contracts abroad.

--Public policies are being restructured. The initial stage will be completed by the end of May. The goal of the policy will be to bring government back in line with Turkey's economic and technological developments.

--Goals established to address shortcomings created by application of collective housing policies have not been met. However, the housing problem cannot be solved solely by government resources; studies of remedies that take into consideration the resources and potential of citizens are underway.

--The Seed Improvement Project is being enlarged. At the moment, there are sufficient rice, corn, cotton and various vegetable seeds on hand to meet 1983 needs.

--The Agricultural Bank increased agricultural credit to 750 billion for 1983. In addition, 3 billion has been set aside for the purpose of cutting back on fallow lands.

--Over \$1 billion per year in new foreign exchange will be developed through the fresh fruit and vegetable project. In this connection, preparations to establish regional fruit and vegetable export companies in Izmir, Antalya and Mersin have been completed. Further, a central marketing company called "Mepatas" is being established.

Businessmen attending the meeting presented the views of the chambers and associations they represent. Ersin Faralyali, president of the Aegean Region Industrial Chamber, and Mucahit Buktas, president of the Chamber of Commerce, spoke of benefits to be derived from free trade zones.

Cemal Tercan, president of the United Traders and Skilled Craftsmen Society, argued that operations employing up to five workers should be exempt from labor law statutes; Resit Kursun, president of the Izmir Agricultural Chamber in his talk advocated reconsideration of the decision to repay in installments for crops eligible for support.

12203

CSO: 3554/117

MEDITERRANEAN COAST RECOMMENDED AS FREE TRADE ZONE

Istanbul TERCUMAN in Turkish 7 Jan 83 p 5

/Text/ Ankara (ANATOLIAN AGENCY)--State Planning Organization /SPO/
Undersecretary Yildirim Akturk said they want to start free zone practices in several locations, not just one.

"We are wasting time by always looking for a better place. It would be better to start free zone implementation in one or several places where the infrastructure is as ready and usable as possible," Zkturk said.

Here are SPO Undersecretary Yildirim Akturk's comments:

"We want to take maximum advantage of Turkey's geographical location in conjunction with its outward orientation. From this standpoint, it would be beneficial to step up free zone implementation.

Areas

"Mersin Port, which is under consideration as a free zone, is only just able to handle the transit trade today. It would not be very smart to overcrowd it further.

"We are considering making use of the potential of certain facilities at Yumurtalik. An existing facility here has port potential and unloading facilities exist. Packaging facilities could also be built there.

"There are areas in Antalya where contractors could bring in their construction equipment, do maintenance and repairs and move on to other areas.

"Izmir is a heavy commercial area. We are doing research there, too. We are considering Izmir because it has the infrastructure and is developed.

"It is estimated that 20 percent of the world's trade will take place in free zones in the next 5 to 10 years. We also want to take advantage of the free zone opportunities that have developed worldwide in recent years."

Akturk said that port conditions in the Black Sea were not amenable to a free trade zone, that the Mediterranean was best from the standpoint of Turkey's Middle East exports and that Izmir was under consideration as it is already heavily commercial and maritime exports could succeed.

Models

SPO Undersecretary Yildirim Akturk said there were many models of free zones around the world and "we would be better off to put one or two of the best models into practice instead of taking a long time for planning and use the method of solving problems as they arise."

Akturk continued:

"We could set aside 200-300 hectares as a free zone and, after getting the surface, sea and air transportation routes set and electricity and water needs met, we could subdivide it as in the industrial zones and offer incentive certificates to entrepreneurs to develop it. From this standpoint, starting free zones in an area where the infrastructure is as ready and usable as possible would be better as regards saving time."

Stating that we could have results on the free zones this year, Akturk noted the following as regards priorities in the zones:

"Contractors in free zones will be able to bring in their construction equipment from outside, use it for maintenance and repairs and then move it on to another area.

"The process of ship salvage is another matter. There is great potential in this. It is possible for us to take advantage of this potential. Ship salvage, moreover, is a sector that calls for high employment.

"Packaging can also be done in free zones. It will be possible for Turkey to buy wholesale abroad, package the goods and sell them to other countries."

8349

CSO: 3554/106

PAPER FINDS SDP IN INCREASING DISARRAY AS OPPOSITION PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jan 83 p 12

[Editorial: "The Sulky and Angry"]

[Text] The Social Democratic Party cannot stand the Socialist People's Party, which bites its legs. They are very angry with the Radical Liberal Party, which they feel has deserted them. And they sulk because they cannot figure out how to act toward the government. The worst thing--at least to themselves--is that they are also mad at one another. And they are not at all happy together, and it is long since they have reiterated their previously so cheerfully proclaimed slogan to the effect that it is such a wonderful thing being a Social Democrat. It is not at all wonderful at the moment.

Already during the years when Anker Jørgensen was prime minister did the Social Democratic Party find it difficult to maintain the bastion of agreement which previously used to be one of the things which gave the party its strength. As prime minister, Anker Jørgensen often had to balance between viewpoints which were very much in conflict with one another. However, the burden of government responsibility usually kept the disagreements within reasonable limits. After going into opposition, there, apparently, no longer are any restrictions restraining any of them. During the past week, Jens Risgaard Knudsen--formerly an authoritative group chairman--caused such a heated debate to take place that the heat of the debate could be felt far beyond the conference room. The party organ quotes Otto Mørch as having said that, if a fellow party member a decade ago had behaved like Risgaard, he would no longer have been able to remain within the party's Folketing group. Another party member has on TV described the statements made by Risgaard as pure nonsense. And the former prime minister has repeated his savage criticism of Steffen Møller, who is a prominent Social Democrat.

Much of this unrest may be due to generation gaps and differences in temperaments, and the excuse may be made that the party discipline of earlier days, for good reasons, cannot be maintained. But no amount of references to the necessity of the free debate and its positive content may conceal the fact that the Social Democratic Party is well on its way to becoming several parties, held together by a formal framework. This has been seen most clearly in connection with security policy issues, but it has also been reflected in other contexts where major differences of opinion have occurred between

those who want a more socialist party and those whose point of departure is a more traditional and moderate Social Democratic policy.

As long as the Social Democratic Party remains in opposition, it will be difficult for Anker Jørgensen to enforce his demand for loyalty, and his own changing views do not make his task any easier. A vacillating party does not make things easier for itself in its struggle to regain the government power. And there is, furthermore, a considerable risk that the Social Democratic Party, which is looking forward to the day when it will be back in power, will be involved in such internal fighting that it will be unable to govern the country.

7262

CSO: 3613/54

POLITICAL

DENMARK

BRIEFS

PROBLEMS IN PROGRESSIVE PARTY--It is, among other things, the dispute in connection with the person of Mogens Voigt but also purely local disputes among top party members which have laid the local branch of the Progressive Party in Nyborg in ruin. The hitherto chairman, Ejner Danielsen, says that only six out of 140 members renewed their membership as of 1 January. The party branch now has such a low membership that it has been unable to elect a new leadership. [Text] [Copenhagen AKTUELT in Danish 19 Jan 83 p 24]
7262

CSO: 3613/54

AUTHOR OF BOOK ON GREENLAND-BASES CHARGES IS INTERVIEWED

Copenhagen BERLINGSKE TIDENDE in Danish 19 Jan 83 p 6

[Interview by Alex Frank Larsen]

[Text] To the number of sensitive issues between Denmark and Greenland will now also be added the issue of the U.S. military installations in Greenland.

Greenland Premier Jonathan Motzfeldt has stated in the TV News program that he wants to discuss the installations and their possible use in a nuclear showdown between the superpowers with the Danish government.

Motzfeldt demands guarantees that the United States will not use Greenland in its preparations of a new nuclear strategy which will make the country of the Inuits the electronic bridgehead of the West against the Soviet Union.

The demand has been raised after the basis for the 40-year military presence of the United States in Greenland has been shaken in a new Danish book, "Greenland--the Gem of the Mediterranean" from the publishing house of Eirene. In the said book, a number of peace researchers claim that Greenland forms a central part in the nuclear planning of the United States.

Orders of attack to bombers on their way toward the Soviet Union will be sent via two gigantic installations in Greenland, Giant Talk and Green Pine, and an installation at Thule, OL-5, provides the United States with intelligence from the entire world via satellites, the book claims in a detailed survey of the installations, which Defense Minister Hans Engell, in the Folketing, for the time being, has rejected as "pure speculation."

According to the home rule legislation and the treaty between Denmark and the United States of 1951, the military authorities of the United States in Greenland are not allowed to have official contacts with Greenland politicians. Nevertheless, at the invitation of the Americans, on 10-23 January 1981, Jonathan Motzfeldt visited the headquarters of the North American Air Defense in Colorado Springs and a number of other military institutions in the United States associated with Greenland.

While Danish NATO politicians and government officials refuse to press the point of the activities of the United States in Greenland, Greenlanders increasingly demand a clarification of the role played by their country in the nuclear armaments race. Here, the debate on the U.S. military installations will be playing a central role.

New Strategy

"The installations are not new, but they have been given new tasks," says the Swede Paul Claesson, who has edited the book and written about the controversial installations during his studies for 2 years especially of American military sources.

"It is associated with the change in the strategic thinking. They are moving away from MAD (Mutual Assured Destruction)--the possibility of mutual destruction which may restrain the superpowers from a showdown; editors) and toward the doctrine of Counterforce (a strategy the idea of which is to defeat the enemy through a surprise attack on strategic targets, such as silos for ballistic missiles, submarines, commando bunkers, etc.; editors).

The technological development (especially in the United States with micro-processors and increased knowledge of geodetic conditions make possible a far higher degree of precision of weapons and a counterforce based on nuclear weapons which are capable of putting the enemy's nuclear weapons out of action. One starts threatening one's enemy. Mutual destruction is no longer an absolute certainty. One thereby goes beyond the limits of the situation which provides stability. The U.S. justification for counterforce is to ensure the credibility of its own nuclear striking force, and warning stations and defense systems then get a different function.

When, in 1971, the Americans launched satellites for warning of missiles, the BMEWS warning installation in Greenland nearly lost all of its importance. The same year saw the introduction of the Poseidon submarines, which were practically invulnerable and, so to speak, guaranteed a reprisal in case of an attack. The U.S. Congress contemplated shutting down the BMEWS but did not do it. Instead, the system has been greatly developed. It is interesting that, in particular, tracking radars and the analyzing components of the system have been developed--and not those which improve the detection and warning capabilities. It is quite clear that the aim is to achieve a first-strike capability toward the Soviet Union, i.e. the capability of attacking the enemy, so that he is unable to strike back.

Credible Nuclear Umbrella

[Question] Does this not presuppose a much higher degree of technological superiority than what we know today?

[Answer] We know very little about what is happening in the Soviet Union. They have always been claiming that they are not interested in new advanced systems. They want to stick to the old ones.

One of the motivations behind the U.S. counterforce weapons system is the capability of limiting war, of making the nuclear umbrella more credible. One is able to wage war in Europe without this meaning the end of the world, but from a European or Soviet viewpoint, it is the same thing whether it is the end of the world or Europe. That is why the Soviet Union does not have the same interest in an armaments race on these conditions as the United States. That is why they have sought to stick to more traditional, world-oriented systems.

[Question] Do the installations in Greenland not still have a deterrent effect?

[Answer] It is not so much a question whether the installations in Greenland do have such a deterrent effect. One cannot pick Greenland out and say: this is offensive and this is defensive. What threatens the balance is the development in the relations between the two superpowers. What happens in Greenland may only be regarded as an expression of it.

Qualitative Armament

[Question] But is this special news. The superpowers have probably always been striving toward superiority?

[Answer] Yes, to guarantee their own retaliatory capacity. One has got more weapons than needed in order always to have something to strike back with. But what is happening now is a qualitative armament. There is nothing to prevent First Strike (the capacity to beat the enemy to such an extent in a surprise attack that he is incapable of striking back; editor).

[Question] Does this not presuppose a very large difference in striking force?

[Answer] No, both sides may have the possibility of striking first. The first-strike capacity means that one has the capacity to prevent the other side from striking back, and that is something new.

[Question] Is this not also some kind of terror balance?

[Answer] Yes, but of a different kind than what we have now.

[Question] Does it not have a deterrent effect on an attacker that he may never be quite certain that the enemy does not have secret weapons systems?

[Answer] Yes, but both sides may have secret weapons systems. Now, I do believe that the United States, in that sense, has a fairly great superiority, not in respect of destructive capacity but in keeping the Soviet Union under surveillance. This is due, among other things, to the very OL-5 installations and many geographic advantages, for example the access to Greenland, the control of the North Atlantic, and a far more advanced capability of tracking submarines.

Danish Lack of Knowledge

[Question] From where did you get your information on the role played by Greenland in the military planning of the United States?

[Answer] Mostly from archives in the United States, national libraries, the historical archives of the Air Force, the historical library of the Armed Forces, etc. Much of it I have got from military sources. It is material that is accessible and not classified.

[Question] Can you imagine that Danish authorities do not know the material?

[Answer] Yes. Now, I do believe that they, for example know of the OL-5. There is bound to be a secret addendum to the treaty between Denmark and the United States. But I should not be surprised if, for the rest, they do not know what is going on. They may know that there is a satellite tracking station in Greenland but not much more. For they do not quite realize the vast military research which is taking place in Greenland. Many of the projects are Danish-American projects, but they do not put two and two together to find out about the purpose. If one counts the number of military contracts of the United States with civilian firms, Greenland is No. 5 in the world after Saudi-Arabia, Japan, West Germany, and Turkey.

[Question] Why, then, are Danish authorities not familiar with these things?

[Answer] This is a very complicated issue. I am not too familiar with Danish political conditions, but I believe that Denmark regards Greenland in quite a different manner. It is a question of ensuring Danish sovereignty and the security of Greenland. Greenland is a goal in itself. They simply have not had such great interest in the American installations, they have not regarded Greenland as a military resource, perhaps rather as a military liability.

One may regard the use by the Americans of Greenland as Denmark's contribution to NATO, to the nuclear umbrella. I believe that Denmark has contributed to the armaments race and to a destabilizing development, perhaps unknowingly or rather as a passive contribution.

Without Control

[Question] What might Denmark have done differently?

[Answer] The Danes will have to answer that question. I am Swedish. I do not want to interfere with that.

[Question] But you would say that there were other possibilities?

[Answer] Yes. One may tackle it at different levels. The development toward counterforce or the first-strike capacity is, in itself, beyond control. The political control always comes late. If the United States is

ahead in a counterforce development, I believe that it is due to greater freedom of research. They have the resources to pursue their ideas, while the Soviet Union has far greater centralization and political control. Here, efforts could be made.

Another thing: there is much talk about a nuclear-free zone. I find that it would be a good idea to include Greenland in that discussion. Not because Greenland is Danish--that is such a colonialist argument--but because it provides the possibility of developing a nuclear-free zone comprising the arctic regions. The first step must be to recognize Greenland's importance not just in respect of the nuclear umbrella, but its political importance in the relations between the United States and Denmark and in the armaments race. That one thus realizes one's responsibility in this respect.

Nuclear-Free Arctic Region

[Question] Is it possible to declare Greenland part of a nuclear-free zone without involving the U.S. installations?

[Answer] Of course. In Norway, they want a nuclear-free zone without touching the LORAN C installation (long-range navigational system; editor). A nuclear-free zone is a compromise, especially in a place such as the Nordic countries. It is a political move. It may play a major political role, but it does not change anything as far as the technology is concerned.

As far as I know, there are no nuclear weapons in Greenland. The problem of including Greenland in a nuclear-free zone is that one includes the North Atlantic. The purpose of a zone, as stated by the Anti-Nuclear Movement here in Denmark and corresponding organizations in other countries, has all the time been formulated with a political aim: of turning against the armaments in Central Europe. If one includes Greenland, it is no longer Europe, but all of the North Atlantic. I do find this is important, but, on the face of it, there is no political argument in support of it. Greenland is of no consequence in a European context. On the other hand, the military consequence becomes much more complicated.

One must adhere to nuclear-free zones as means of political pressure and not imagine that they have any military significance. That is very dangerous. If one manages to have nuclear weapons removed, one does not thereby prevent a nuclear war but one may end up stimulating conventional armament.

That is why one must find a political argumentation for Greenland, and it exists. It was, for example, expressed by Hans-Pavia Rosing, who is president of ICC (Inuit Circumpolar Conference, association of Arctic peoples; editor) and who has expressed the desire for a nuclear-free zone comprising the arctic regions. The ICC is an extraparliamentarian grassroots movement which may very well be compared with the Danish Anti-Nuclear Movement. Here is a political lever which may put in focus what is going on in the Arctic regions and which may lead to a controlled zone. But an Arctic nuclear-free zone need not touch the existing system in Greenland as long as one only sticks to Greenland. One must not regard a zone as a goal in itself.

Cozy Denmark

[Question] May the American presence in Greenland be combined with a nuclear-free zone comprising the Arctic region?

[Answer] Of course.

[Question] What is then the difference from today?

[Answer] Quite simply that Greenland has been put more in focus. Greenland has been forgotten.

[Question] Is it more than just psychological? Does it bring about any change?

[Answer] Does a Nordic zone? The significance is that one recognizes the role played by the Nordic countries in the armaments race, not just in Central Europe but in the North Atlantic, which is the military system to which Iceland and Greenland belong.

[Question] What is the use of such recognition?

[Answer] I find this a very strange question. Then one may just as well ask what is the use of a Nordic zone, or what is the use of any zone. To me, the important thing is that one recognizes the responsibility on the part of Denmark. That Denmark is not this cozy little country which has got cleaner hands than the rest of the NATO countries.

[Question] Thus a Danish recognition of its share in the responsibility?

[Answer] Yes. Denmark has got a very active peace movement, and I have never been able to quite understand why the Danish share in the responsibility for the developments in Greenland has not played any role.

Global Awareness

[Question] Do you oppose the fact that the main emphasis has been put on approaching the issue from a European angle?

[Answer] No, not at all. But there has been no awareness of what is happening in Greenland, nor have these things been included in a Danish debate. The systems are global and interconnected, and that is why one's awareness must be expanded to the global level.

[Question] If a small town in Falster is declared a nuclear-free zone, I suppose that the peace activists are of the opinion that this is the method they may use locally to mobilize people. I suppose that this also applies on the national level?

[Answer] That is possible. But there has been no information on Greenland's military importance, that is why there has been no involvement in the matter. That is no criticism of the peace movement. If we had not written this book, others would probably have done it.

[Question] Is it your opinion that the Danish peace movement has accepted the idea that Denmark does not share the responsibility for the military development in Greenland?

[Answer] No, that is the unexpressed official position. They talk about there being no nuclear weapons in Denmark. They have been cultivating a very uncontroversial role, without providing information. I do not want to say that this has been deliberate. I merely know that there has been no dissemination of such information. And it is the Danish authorities which are responsible for what is going on in Greenland, especially in the area of security policy issues.

Interpretation

[Question] But do the Danish authorities understand what is going on?

[Answer] I do not know.

[Question] Do the Danish liaison officers have access to all installations?

[Answer] I am quite certain that they do not. OL-5, at least, is strictly classified. It says in article 3 of the Danish-American treaty that the parties are obligated to consult one another on "all important local matters which affect Danish interests." It thus is a question of interpretation how one defines Danish interests. But also here is a Danish responsibility. If they are not informed, it, too, is a Danish political responsibility.

[Question] Has the United States, in your opinion, violated the spirit of the treaty in modernizing its big installations?

[Answer] I do not know. It is a very general agreement. However, I find that, knowing the location of the installations in an offensive nuclear strategy, one has got to recognize that the Americans are not in Greenland to defend Greenland but on account of their own superpower interests. The security of Greenland has not increased with the American presence. On the contrary. I find that both Denmark and Greenland have been exploited by the United States, but whether Denmark and Greenland are satisfied with that is none of my business.

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CSO: 3613/54

SKDL STARTS ELECTION CAMPAIGN IN INCREASING DISARRAY

Bitter Fight Inside Lapland District

Helsinki HELSINGIN SANOMAT in Finnish 29 Jan 83 p 8

[Article: "SKDL Has Run Out of Resources; Tennila Will Have to Try to Get Into Parliament Under His Own Power"]

[Text] The SKDL [Finnish People's Democratic League] party administration came to the decision on Friday that it does not have the resources to carry out its own and the party council's resolution on the parliamentary representative candidates from the Lapland district. So Lapland hard line moderate Communists have practically speaking imposed their will and Stalinist Representative Esko-Juhani Tennila can try to get into Parliament under his own power without the support of the moderates.

The party administration affirmed its helplessness in a vote of 16 to 5. The Stalinists, who are in a minority, are demanding that Antero Hautaniemi, the authorized representative for Lapland should have submitted the candidate list, which includes both moderates and Stalinists and was earlier approved by SKDL leaders, to the Central Committee. The majority of the party administration did not, however, agree to it. The SKDL youth organization representative abstained from voting.

"The party district organizations occupy such a key position during elections that the Central Committee has no means of relevantly enforcing its own will," SKDL chairman Kalevi Kivisto made it clear with regard to the party administration's Friday decision.

Kivisto felt that the compromise he proposed on Thursday, merely with regard to joint voters' association lists, failed because the proposal did not get unanimous support.

The party administration decision resulted in the Communists and People's Democrats' submitting all told three candidate lists for Lapland. The moderates have three lists: the list with 14 names submitted on Monday by dismissed district representative Paavo Suosalo and the joint voters' association list assembled only Friday night, which also contains 14 moderates.

Stalinist Representative Esko-Juhani Tennila, who was dropped by the moderate majority, district secretary Pertti Periniva, who had been dismissed, and Youth League representative Hannu Saarela, who withdrew his support of Suosalo's list, are on the third list.

Committee Decides

It is for the Lapland election district Central Committee to decide whether the moderate Communists will run in the elections under the SKDL banner on the ticket Suosalo has submitted or as independents on the joint voters' association list. Tennila is already doomed to rely on the votes the third joint ticket garners. The lists will be confirmed on 14 February.

The Central Committee will probably approve Suosalo's list on the grounds that SKDL leaders did not switch district representatives until after the stipulated time or that deputy representative Jaakko Huttunen, whose authority SKDL leaders had not revoked, also submitted the list on Monday.

Acceptance of Suosalo's ticket would at least be significant inasmuch as then the moderates would officially run as SKDL candidates and parliamentary representatives chosen from that list would, for their part, produce undisputed party support for the SKDL.

On Friday many different kinds of interpretations of the fate of Suosalo's ticket still prevailed. The Central Committee will deal with the matter next week.

On Friday the SKDL election policy caucus ordered district representative Hautaniemi to get Suosalo's list out of the hands of the Lapland Central Committee so that there would be only two voters' association tickets for Lapland, but Hautaniemi did not get the list away from them because Suosalo did not accompany him when he went to get it. The Central Committee had decided on Thursday that the list would be returned only to those two men together.

SKP Also Voted

On Friday the Communist Party (SKP) Politburo also voted on a settlement of the Lapland candidate problem.

It decided that a ticket should be put together for Lapland that conforms to SKDL rules and the election law, that is, the one on which Tennila and Periniva appear. If this is not possible, there should be no SKDL ticket at all, candidates instead running on joint voters' association lists.

The resolution was passed by a vote of six to four. The ratio paralleled the old moderate-Stalinist division.

SKP chairman Jouko Kajanoja said that in his opinion the most acceptable of these poor solutions would be two joint voters' association lists. Kajanoja did not approve of the illegal list submitted on Monday, nor of a solution either that would have led to an official SKDL ticket comprised of only Tennila and a couple of others.

Kajanoja felt that the Lapland dispute was a matter of concern from the standpoint of the party, but in his opinion it was to be anticipated that internal disputes would come to a head in an election situation.

SKDL first secretary Jorma Hentila, who had indicated he might resign, said on Friday that he had no intention of resigning from his post because the SKDL party administration did not have to undertake any illegal action.

The chief object of the controversy, Representative Esko-Juhani Tennila, will present his own views Saturday when he returns from a parliamentary delegation trip to Moscow.

The decision the SKDL party administration made on Friday appeared to be a bitter and depressing one for Communist youth organization members and so-called third-line adherents as well as for the Stalinists. Several third-line officials spoke of transferring to other duties outside the SKDL.

Parliamentary delegation legal secretary Martin Schein, a lawyer who has served as adviser to the SKDL party administration and who is a so-called third liner, passed judgment on the party administration decision on Friday.

"SKDL leaders negotiated only with one faction and the result is in accordance with the fact, although SKDL leaders had the legal options on their side," Schein said. "Practically speaking, the SKDL gave its blessing to illegality with its Friday decision."

According to Schein, the party administration's assertion that it has no way of taking action against the Lapland district does not correspond to the truth. Schein would have preferred for them to have submitted an official SKDL ticket in Lapland, one on which there were both moderates and Stalinists, and in addition they could have submitted different voters' association lists. The time allotted for corrections to be made, 7 days, could have been used to decide on who was actually to be denied admission to the official SKDL ticket.

Kivisto and SKP first secretary Arvo Aalto did not accept this solution aimed at gaining more time.

At present the SKDL has three parliamentary representatives from Lapland: Stalinist Tennila and moderates Mikko Ekorre and Niilo Koskenniemi.

Vote Collectors Made the Rounds of the Entire Lapland Election District

Rovaniemi (HS)—In Lapland the SKDL Lapland district, the Stalinists and the election district Central Committee secretary were already beforehand prepared for the fact that agreement on the SKDL candidates would not be reached.

The district office began collecting the names needed for the electoral associations on Thursday evening. A little while later Esko-Juhani Tennila's supporters held their own civic meeting for the purpose of setting up electoral associations and collecting contributions.

Central Committee secretary Mauri Axelsson has moved from his own -- undeniably rather small -- office to a considerably more spacious one. On Friday swarms of people trotted into Axelsson's office to turn in lists. Some of them hung around to get a glimpse of competitors' lists as well and the congestion was vividly reminiscent of the fact that not all aspirants really get into Parliament.

Earlier in the day on Friday Axelsson had, in accordance with the position the committee had adopted the day before, refused to turn over to election director Antero Hautaniemi those election documents which Paavo Suosalo had brought there. Thus Suosalo's list was still in the hands of the committee.

Furthermore, Hannu Saarela, who had been entered as a Stalinist youth organization candidate, verbally attempted to withdraw his acceptance of the SKDL ticket, the one which Suosalo had submitted. The secretary did not accept the cancellation. Willing to believe that the announcement of candidates would be handled "according to law and the rules," Saarela said that they planned to send it to the committee in writing. He said that that is not what happened and so his consent can no longer be in effect either.

Saarela is on the same joint ticket with Tennila and Pertti Periniva.

On Thursday no one in the district any longer believed that matters would be settled in Helsinki. The Stalinists set up their first electoral association only a few hours after the SKDL district office had sent its vote collector to the different parts of the province.

Tennila's supporters threatened them with unprecedented solidarity, injured integrity and strength: "Esko-Juhani will get 18,400 votes this time! We have arrived at this figure on the basis of quick Gallup polls...." A rapid collection taken up on the occasion very quickly yielded about 2,000 marks.

Similarly, the people from the district office roused Ivalo's old women out of their beds to sign voter lists hours before midnight. The lists were circulated for 4 hours and it was not until they got as far as Rovaniemi that it was clear that they had collected at least twice as many names as were needed, almost 3,000.

This was good news for the people at the district office, as they saw it to be proof of the fact that the people of the province really stand behind district organization decisions.

More Details on Lapland Party Dispute

Helsinki HELSINGIN SANOMAT in Finnish 2 Feb 83 p 8

[Article: "SKDL Quarrel over Candidates Comes Back to Roost with Party; They Were Given a Chance to Support the Party in Lapland"]

[Text] Rovaniemi (HS)--The Lapland election district Central Committee has once again batted the dispute over the SKDL ticket back to the party itself

by deciding that the list of candidates submitted in the name of the party by Paaavo Suosalo is not meaningless, but open to comment.

The decision does not mean that the Stalinists could be put on the same list. On the other hand, it does mean that SKDL election director Antero Hautaniemi, whom the Central Committee regards as the party's legitimate district representative, can — once he has received the committee's comment on the Suosalo list — correct the shortcomings of the list and guarantee that the SKDL will have the party support of the parliamentary representatives chosen from the list without further interpretations.

Election director Antero Hautaniemi has announced that he will take the matter to the party administration meeting to be held on Thursday. The administration will have to decide whether party support will be guaranteed by officially standing behind the Lapland district's original list. In any event, the Stalinists have their own joint list.

The Central Committee will comment in detail on the matter today. This may, for example, be a comment addressed to Hautaniemi to the effect that the legitimate SKDL district representative, Hautaniemi, did not sign the list submitted to the committee.

Amendment Impossible

However, the committee cannot transfer Stalinists submitted for its joint list to Suosalo's list. OTL [expansion unknown] Lauri Tarasti feels that it is impossible that the list might be amended with a new name. Such comment is not surprising.

Hannu Saarela, who appears on Suosalo's list and whom the moderates replaced with Mirjam Niskala when they submitted their own joint list as a precautionary measure, has attempted to revoke his acceptance of the Suosalo list. Saarela is also included on the Esko-Juhani Tennila-Pertti Periniva joint list.

On Monday the election district Central Committee was of the opinion that Saarela cannot revoke his acceptance. According to OTL Lauri Tarasti, the Central Committee will now have to comment on those who submitted the lists, both of which Saarela is on. The same person may not appear on two different tickets.

Huttunen's Dismissal Abandoned

According to Tarasti, Saarela will have to be dropped from both lists. If neither party does so, the Central Committee will remove his name from both lists and Saarela's candidacy will be canceled entirely. If, on the other hand, Hautaniemi does not react to the Central Committee's suggestion with regard to the Suosalo list in the time stipulated or if the list should automatically be canceled, the same thing will happen to Saarela's acceptance and his candidacy will remain in effect on the Stalinist joint list.

As for the Stalinists, on Monday they planned to issue a warning to a certain district leader for being insubordinate with regard to the party leadership. They wanted to seriously warn district chairman Jaakko Huttunen "with regard to his actions, which have been counter to party principles, rules and the law." Huttunen's own primary organization, the SKDL's Muurola local association, probably issued the warning.

Huttunen's dismissal, which could only be effected once they received a statement from the Lapland district committee, was also planned. Plans for dismissal have, however, been abandoned.

A decision on disciplinary measures was, however, postponed until the end of the week since Huttunen himself was not on the scene Monday. Local association secretary Karis Tuomaala felt that Huttunen was particularly to be blamed for his behavior in connection with Tennila's candidacy. The local association includes Tennila's name among those which it had proposed for the district list of candidates. Huttunen did not submit a deviant opinion at the meeting at which the resolution was passed, but he did later oppose Tennila's candidacy.

According to Tuomaala, the action directed against Huttunen was no more the idea of the Stalinists than any other idea produced by the initiative: "The decisions and effort that have so far been made have been quite unanimous." The association is, nevertheless, regarded as Stalinist influenced.

SKDL, CP Chairman Remain at Odds

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 83 p 10

[Text] SKP chairman Jouko Kajanoja and SKDL chairman Kalevi Kivisto remained in different camps when the SKDL party administration reached a decision on the Lapland election candidate dispute on Thursday.

Kivisto went along with the majority in deciding that the ticket submitted by the moderate Communists on their own and the one cleaned up by the Stalinists would be transformed into the official SKDL ticket. Kajanoja abstained from voting and said that he did not want to participate in the making of an illegal decision.

The SKDL party administration decision was reached with a vote of 16 to 5. The Stalinists, who have remained in the minority, stated that the SKDL is not officially represented at all in Lapland, rather the different joint voters' association lists of the moderates and Stalinists remain in effect. Last week the Stalinists had opposed this suggestion.

In addition to Kajanoja, the SKDL youth organization representative and Turku moderate Communist Sauli Saarinen abstained from voting.

In practice the party administration decision means that the SKDL will officially participate in the elections in the Lapland election district, but that there will be only moderate Communists and People's Democrats on its ticket.

Stalinist parliamentary representative Esko-Juhani Tennila will attempt to get into Parliament again as a voters' association candidate. At least at present, Tennila is certainly using the SKDL emblem on his election posters.

The candidate list submitted by the moderate Communists in case of any emergency will be withdrawn or rejected. On Thursday they did not yet know whether youth organization candidate Hannu Saarela would be retained as a candidate on the SKDL official list or as Tennila's running mate on the voters' association joint list. His name is still on both lists.

The candidate lists will be properly filled by next Tuesday. In practice what has to be done is left to SKDL district representative Antero Hautaniemi to take care of.

Bank director Ele Alenius proposed the decision made by the SKDL party administration at a meeting. On the basis of Alenius' proposal, the following decision was reached in a vote:

"The SKDL party administration asserts that its attempt to carry out the SKDL party council decision on the candidate list in the Lapland election district has not succeeded in submitting the election lists by the scheduled date. Since the Lapland election district Central Committee has, however, afforded us an opportunity to endorse the candidate list submitted by the SKDL district organization as the SKDL list and since SKDL participation in the elections of parliamentary representatives with its own list of candidates and in its own name in the Lapland election district is also important to us, with its authority the SKDL party administration enjoins the acting SKDL district representative to act in such a way that the party's candidate list, which has been submitted to the Central Committee of the Lapland Province election district, shall be approved as the official list."

Only last Friday members of the SKDL election campaign executive committee assured us that the Lapland list cited as being in violation of the rules and the electoral law would not be confirmed as the official SKDL list.

Making the list official will guarantee the SKDL the undisputed party support of the parliamentary representatives chosen from that list. Making it official will also guarantee the SKDL that party emblems will appear on official election papers in Lapland and in the province's local election platforms.

The decision at the same time deprives the moderate Communists of a moral weapon against Stalinist violations of the rules.

"Still Against the Rules"

On Thursday chairman Kivisto said that the official SKDL candidate list has, in the opinion of party administration members, been produced in violation of SKDL rules, but that it is possible to make the list official legally because the Central Committee has given them an opportunity to do so.

Kivisto repeated his belief that the SKDL party administration had no way of amending the candidate list submitted in violation of the rules because the district organizations occupy such a key position in an election.

"Party administration members do not approve of the actions of the Lapland district, but feel it absolutely necessary for the SKDL to make an official appearance in its strongest districts in Lapland," Kivisto said.

Kivisto guessed that his and Kajanoja's different behavior in the voting would affect relations between the SKDL and the SKP.

The SKP ended up with a different position from that of the central organization, the SKDL, in the matter. The SKP Politburo's position was that the Lapland moderates' list, from which Tennila was dropped, should not be approved, instead that candidates should appear in the name of the voters' associations.

"Member Vote Into the Waste Basket"

Remaining as a lone fighter, Esko-Juhani Tennila commented on the party administrations' decision on Thursday saying that "the result of the SKDL member vote has now been completely tossed into the waste basket."

"Democracy had to yield. The decision has added fuel to the fires of antiparty feelings that otherwise exist. I would not have believed that the SKDL could go to such lengths," Tennila said and protested that the people of Lapland were "mad."

Due to illness, SKDL first secretary Jorma Hentila did not attend the party administration meeting on Thursday. He has announced before that he will not implement decisions that are illegal and against the rules.

On Thursday Hentila said that in the SKDL they must engage in a thorough discussion of morally uplifting goals and ways of proceeding with them in disputes. According to Hentila, the-end-justifies-the-means thinking leads to disaster. He is, however, not resigning from his post as first secretary.

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CSO: 3617/65

LEFT WING QUIETLY CONTINUES EFFORT TO HOST CP YOUTH FESTIVAL

Helsinki HELSINGIN SANOMAT in Finnish 29 Jan 83 p 7

[Article: "Organizations Investigate Their Power Resources; Youth Festival Busily Planned for Finland Again"]

[Text] Political youth organizations are very quietly looking into the possibilities of organizing a world youth and university student festival in Finland. Since a big project is involved, they want to keep quiet about it until sufficient background information has been carefully sifted through.

Right now they are trying to determine -- albeit with difficulty -- what power resources Finland has to undertake a mammoth festival.

Political youth organizations have been seriously discussing the matter with the Soviets since as early as last November. The official Social Democratic youth delegations' trip to our eastern neighbor, made a month later, has accelerated the investigation.

The chief purpose of the Social Democratic youth group's trip was not to discuss a festival. During the discussions, however, they touched on the matter. Their Soviet hosts politely announced that they were interested in the possibility of holding a youth festival in Finland.

When the delegation returned from Moscow, representatives of the four biggest political youth organizations met in Helsinki. During the discussion they affirmed their common belief that there would be no political obstacles to the execution of the plan in Finland.

Since unity had in principle been achieved, they decided to quietly go ahead with preparations for the festival because they felt that would be advantageous in promoting the matter.

Both youth organizations planned to investigate on their own to see whether there were sufficient Finnish resources for the organization of a big festival. They also felt it important to listen to national leaders' views on the matter.

They considered scheduling it for 1985 when 10 years will have gone by since the CSCE in Helsinki.

Despite the decision, the Communist youth organization, the SDNL [Finnish Democratic Youth League], did not want to keep the festival project away from the public eye. Right on the day after the meeting, the SDNL published an official statement in its party organ, in which it proclaimed the need for holding a festival in Finland. The other youth organizations did not like that.

Now the matter has been harped on for months and months and the promised promotion has not occurred. According to our sources, there are two reasons for this inertia: a confidence crisis between the SDNL and the other youth organizations and the unstable political situation as a consequence of the division in the government.

Who Will Step In As a Leader?

There seems to be no unanimity as to a leader either. Young Conservative League vice chairman Jukka Koivisto says that the responsibility now lies with the Center Party and particularly with the SDNL. That is, with the government party organizations.

On the other hand, Young Centrist League chairman Matti Vanhanen is of the opinion that at least his organization has not been required to listen to its parent organization's opinion of the plan. Their own evaluation of it will be sufficient.

"The government and ministers cannot on their own promise anything from the 1985 budget. What we are talking about would be almost an Olympics-sized festival. That is why nothing can be built on promises and denials."

Vanhanen is still shifting the responsibility to the Social Democrats. According to him, they are in a key position.

Young Social Democrat chairman Jorma Bergholm is no longer promoting the matter, but stresses the fact that it is a matter for all to equally assume responsibility for.

Young Communist chairman Marko Auer is more eagerly ready to start work on the project than the others. Auer said that the SDNL has already ascertained that Helsinki is capable of accommodating thousands of young people in the city during any potential festival.

Everything Depends on the Economy

The most important matter to be looked into now is the economy. Rough estimates of the festival expenses amount to at least 20 million marks. Thus it is clear that the youth organizations will not be able to see their way to organizing the event unaided.

Youth organization representatives are particularly willing to talk about how actively they have discussed the matter with their own party leaders.

Finland is not the only country that has been proposed as a place to hold the festival. Internationally speaking, France, Algeria, Greece and Vietnam have been discussed. Youth politicians, however, estimate that Finland will be chosen for the festival if it displays interest in the offer.

The SDNL's Auer maintains that many good reasons can be found for having it in Finland in comparison with other countries.

"The Finnish youth movement has prestige throughout the world. In the Third World countries we are remembered for the solidarity effort we have made. And for practical purposes our country's location on the globe is excellent as a place to hold the festival."

Peace Matters As Main Topic

The youth organizations will have a chance to become familiar with current ideas in the international youth movement as well as with their economies and power resources. They want a festival that is as coherent and broadly based as possible.

There are no differences of opinion on agenda topics among the Finnish organizations. The festival would be a peace and detente festival. To be sure, the ultimate watchwords would be formulated at the international level.

Youth politicians do not believe that they would be able to organize a festival the size of the one held in Havana, Cuba, in 1978 in Finland. Almost 20,000 youths participated in that one.

The public decision will probably be issued from Finland, one way or the other, by the end of June. The decision on where the festival is to be held, probably reached at the international level, will be made during the summer.

Until now, the communist-dominated World Democratic Youth League and the International University Student Organization (IUS) have assumed responsibility for world youth and university student festival arrangements.

Young Social Democrat chairman Bergholm, however, says that especially in the 1970's other political groups more enthusiastic than the former have been participating in these events as well. The Young Social Democrats will participate in the festival movement regardless of where the next festival is held.

The last time the festival was organized in Cuba in 1978.

11,466
CSO: 3617/65

PCF ROLE IN SOCIETY; AVANT-GARDE, WORKERS IN REVOLUTIONARY PARTY

Paris CAHIERS DU COMMUNISME in French Dec 82 pp 38-47

[Article by Paul Fromonteil: "A Communist Party for Today's France"]

[Text] The crisis of French society calls for another type of society: socialism, say the Communists. But the French-style socialism the Communists propose to build from this day, step by step, also calls for renewed and deepened reflection on the role and influence of the Communist Party in the new conditions of today's France.

We do not claim the hope of socialism for ourselves alone, but we think that to build socialism in a country such as France the existence of an influential communist party is an indispensable condition: indispensable "to bring into the French reality the new human world which is knocking at the door of history." *

PCF Influence the Object of a Struggle

That question of the influence of a communist party in a modern society as a condition of the new march forward by our people, moreover, is one of the central questions of today's political confrontation.

Very strong pressures are at work to deny the necessity, and question the utility and even identity of the PCF. It is a sign of the times: at the moment when socialism is on the agenda, it is understandable that that question should be the object of a sharp confrontation.

Indeed, the various political forces, and not only the class adversaries, have in all times vigorously fought the existence of the PCF, and attempted to contest its utility.

*Georges Marchais, report to the 24th PCF congress. CAHIERS DU COMMUNISME, February-March 1982, p 77.

The range of "ideas" on that subject is broad, but it has a common basis: the Tours congress is seen as an accident of history, and existing socialism as a reverse; decline of the PCF would then be inevitable, and its very existence an anomaly to be corrected.

But today the battle is becoming livelier and more intense. The PCF's hallmark is made an issue. From "gulag socialism" to "the bureaucratic machine," all themes are good, and the most improbable variations circulate freely: apropos, for example, of its alignment on Moscow, its isolation in French society, or again apropos of its crisis, particularly vis-a-vis the intellectuals.

We are not faced here with an academic debate. The contest of ideas on this question is one of the essential dimensions of the class struggle today.

Communists are neither on the sidelines nor above that confrontation. They are the target against which pressure is directed to cause doubt, and to weaken militant commitment.

Until recently, when the stakes were different, the bourgeoisie could if need be support the idea of the existence of a communist party reduced to a tribunician function. In the harsh class struggle the communists have led, it was possible to take comfort from a certain historic tranquility: had not history always put us in the right? And, except for particular periods, the idea of a large communist party was self-evidently suited to a country such as France.

It is evident today that historic quietude cannot suffice to nourish militant commitment. Certainties must be rooted in the soil of realities affecting a society in full process of change and a world marked by rapid and contrasting evolutions; convictions and determination cannot be deeply founded except on the realism of our reflection and action.

But in that connection there is a thesis which obviously must retain our attention. It is that which underlies the strategy of the Socialist Party. That thesis is known: the PCF has grown in France only because for long years the PS fell into class collaboration, leaving free the whole terrain of class struggle; thus all that is needed is for other forces to occupy that terrain and contend for working class allegiance in order to reduce PCF influence. Certain aspects of today's reality can apparently support the validity of that thesis.

In fact, the question of the PCF's influence bears on much more fundamental problems, which the 24th congress analyzed. That analysis makes it possible to go much farther in reflecting on the relationships between the PCF and French society, and on the delays in providing responses to changes in that society.

We point out that we do not fear lest other political and social forces come and place themselves on the terrain of the class struggle. We do not fear emulation, because it is on that ground that our identity is best expressed.

What of that identity today? Why does the existence of an influential communist party respond to profound needs of our society and era?

Why and how is the activity of a revolutionary avant-garde carried on today? What relationships are established between communists and their party, and what meaning does the commitment to militancy take on in our time? Those are the three questions on which I would like to contribute some reflections.

A Need More Present Than Ever

When we say there is need for a communist party strong enough--stronger than it is--we do not say so in a partisan spirit or interest, but because we think such a party indispensable for the workers and future of France. Why indispensable? Because of the nature of the problems faced by French society, by the world at large, and by individuals.

French Society First

Our country is among the most highly developed in the world, but it faces a deep crisis. The question before us--which dominates the national debate--is whether present contradictions can be resolved within the framework of capitalist society, or only within that of a socialist society?

All trends of thought seek a solution to the crisis. But only by building another society can we emerge from it. That calls for an understanding of the roots of the crisis, and for an identification of the historic limits of capitalism. Moreover, to emerge from the crisis does not consist in replacing, at one stroke, one type of society by another, but rather in the step-by-step progress of new ideas and in the practical application of new solutions. A political force is needed, then, which will sketch the essential features of the new society, and create conditions for action and unification to advance solutions. An avant-garde political force is all the more necessary since our society is more complex, the stakes of class interests higher, the contradictions sharper, and the possibilities greater.

Then the World

We live in a time of accelerated world evolution, with all the contradictory aspects that implies. Problems of universal dimensions assume unprecedented forms: war or peace, growing inequalities, the rise of greater hopes, and the like. A political force is needed which will discern the directions and tendencies of the world's movement, and make it possible to understand how we can act on that reality and on history.

By pointing out the direction of world evolution, the part taken therein by socialism as it takes form throughout the world, and the possibility of progressing towards solution of the major issues of our time, the PCF responds to profound needs of our people and era.

Those needs are all the more imperious since television and radio punctuate the rythm of daily life with echoes of every international problem. Those problems impinge daily on the lives of each of us with all the force of the live medium, presenting the event with all the power of image and sound.

Finally, the Individual

The need for a revolutionary party is not measured by the sole yardstick of collective societal and world requirements. Men as individuals, in a society in crisis and in a rapidly moving world, have need of a revolutionary force which will allow the new values of our time to be defined.

The solutions to problems facing the individual are not to be found solely on the individual level; we must emerge from the gray humdrum of daily living, and escape from despair or illusion, in order to master our lives, to grasp our place and role in the midst of change and open opportunities to advance.

Since we are living in a time of revolutions, there is no other response, to give direction to our lives, than to commit ourselves to action with other men.

This need for a revolutionary party is all the greater since there can be no pre-established model or plan. How can we dispense with an organized and influential revolutionary party for mutual fertilization of individual action and historical experience, individual contributions and collective reflection?

The PCF does not exist for itself. It is a force of the future because the questions to which it responds are and will remain current. As a revolutionary force, the PCF at times fights against the current of ideas and forces from the past which still largely dominate our society. But its struggle, notwithstanding all hazards, does not run counter to the underlying tendencies of our society and the world. We are not a counter-society; we fight to change society by responding to the aspirations of our people and to the positive traditions of our history.

All that is what gives realistic foundation to the possibility of developing our influence. But that possibility will not come of itself. The existence, the influence of an avant-garde political party, has to be built, and is not achieved once and for all. Besides, we need only look at history. Though deeply rooted in the French workers' movement, the existence of the PCF nevertheless results from a choice, and its development from a struggle. That choice was for a new party, the party of the working class, the party of the class struggle, which fights effectively for the socialist revolution. It is by its action on behalf of working class demands, and for democratic rights, independence, and peace, that it has won its place, its anchorage, in the national reality; its existence and influence are one of the traits of the French personality. That is one of the essential assets for our people and country.

With a strategy adapted to the realities of the 80's, with the apprenticeship to the new practice in which we are engaged, we have the elements which reasonably allow us to occupy a position offering prospects for development of our influence. We are in position to give proof of this. Though we are not the ultimate actors of history, it is to a considerable extent our responsibility.

An Avant-Garde for Today

In any great historic transformation there is need for an avant-garde. We are well aware that a given type of society, even though it has served its time, will not on that account disappear of itself. It is the masses who make history, but they do so from the starting point of a project and through the class struggle. That implies men and women engaged in studying and analyzing the contradictions of that type of society, noting what impels and what impedes, and anticipating the movements of reality and awareness so as to clear paths for those same movements.

Why must that avant-garde be today, in a country such as France, a revolutionary party? Because we are not living through an ordinary change. It is not a matter of moving from one mode of exploitation to another, from one mode of domination to another. The problem facing France in our era is to build totally unprecedented forms of civilization. From a society of exploitation and oppression the transition should be made to a society of justice and cooperation; from a society of domination and mutilation of human beings to one providing for new social relationships and for development of personalities. Socialism is indeed a great human adventure which has no precedent. It is a matter of achieving, as Marx said, "that highest form of life towards which present society irresistibly tends."

Under those conditions the avant-garde must be organized in a political party capable of defining the central questions arising in the development of the society, of acting on reality, because it presents at once the characteristics of a high-level party and those of a mass party.

The PCF has played its role as a political avant-garde by defining the central questions which emerged in the development of society, and on which the solution of other problems depended. In the 20's it made a revolutionary choice, providing a response to the question of the political organization of the working class; in the 30's it was able to propose an alternative to the threat of fascism; in the 40's it offered a response to the great national problems of that era; no doubt it fell behind in analyzing the changes of the 50's, but today, with its strategy, it meets the needs of societal change in France.

There is nothing impulsive in the creation and development of an avant-garde political party. The characteristics of an avant-garde emerge progressively from history, from theoretical elaboration, from experience and practice. It is impossible to be a true avant-garde with a fixed analysis left behind

by reality. The very idea of an avant-garde is evolutive: from the avant-garde conceived as a detachment of shock troops in the revolutionary battle of the 20's, from the avant-garde which "guides" the working class and the masses, we have passed on to a much more active conception of the relationships between the masses and the revolutionary party.

Our self-management strategy utilizes both the role of the masses as agents of change, and the irreplaceable activity of the revolutionary party. It is indeed by action from below that the social movement will progress to the point of high-level solutions. We thus grapple head on with the problem of reducing the gap between the solutions which must necessarily be applied to emerge from the crisis, and the present level of awareness on the part of the popular movement. The problem is a complex one, as shown by our electoral reverse, and one whose importance was fully indicated by the 24th congress.

Is it pretentious of us to think the PCF is indispensable to France for building socialism? That does not result from a "gift" conferred on it, but relates to several elements which form its ultimate identity.

Our very existence results from a fundamental choice: to give expression to the fundamental interests of the working class. That choice of class is the foundation of the national character of our struggle.

Others may concede a positive role to the working class, or wish to take account of its aspirations and claims. But we stand alone in thinking and proclaiming that the working class has a decisive historic role to play in the evolution of society.

That relates to the absolute opposition which exists between the needs of the working class and the objectives of the capitalist system, which are profit for accumulation and accumulation for profit. It is a constituent contradiction in the system, whose solution concerns the whole of society. The working class is the vehicle of the demand for a different organization of society. When the question of socialism is on the agenda, the fight against capital and for the development of society are one and the same battle. Such is the viewpoint from which we consider the PCF is a revolutionary party.

All mutations of contemporary society strengthen and amplify that analysis. A developed society needs a working class which takes in hand the broad questions of the society's future; and the existence and influence of a Communist party are necessary for the working class to play its own proper role.

The second element in the PCF's identity relates to the capacity of Communists to analyze and anticipate. To analyze and anticipate one must introduce the viewpoint of practice into the evolution of knowledge. The Communist Party is a political party, and it does not pretend to "blanket" all society and all knowledge, but, drawing support from scientific socialism, which has fully entered the age of experiment, it establishes an active relationship with society, knowledge, and experience.

Only a political organization which establishes an active relationship between knowledge, the movement of sciences and techniques, historical experience, and politics, can permit our people to grasp the roots of the crisis and think out the possibilities of progress.

The characteristics of the revolutionary party grow out of the totality of those data. It must provide within itself a collective and high-level intellectual life; it must be the avant-garde of a concrete struggle by the masses, that is, fitted to take its place on the terrain, in the stream of life, in order to effect change. The building of a new society cannot be the act of a small high-level avant-garde which, favored by the crisis, would take the lead in a confused mass movement. Revolutionary transformations in the France of the 80's can only be the fruit of a conscious and determined peoples' movement animated by a high-level mass avant-garde.

Communists and Their Party

We hear it said at times that the PCF is not a party "like the others." That is true if we mean thereby that it has its originality, and that its whole activity since its founding has been dictated by determination to fight against exploitation of man by man, and for socialism. The PCF presents the characteristic of never having failed, in the past or in the present, to meet a commitment.

But that does not mean Communists differ, as people, from the rest of us. Georges Marchais reminded the 24th congress that in their daily lives, their needs, and their hopes, nothing sets apart the members of the PCF from the vast majority of French people. They live among them and like them. But they have two essential characteristics: "sensitivity to all the problems of the workers' world ... experience and capacity to know and defend the peoples' interests, and a determination to transform society in the direction of justice and liberty, of peace, and of the national interest."

Thus they are not Frenchmen "apart," but they have their identity. They give final expression at the individual level to the relationships existing between the PCF and French society. The party is neither a "counter-society" nor a "counter-current." It is within society, and its specific role is to fight to change that society.

That being said, what relationships arise between Communists and their party, and what does the militant's commitment mean today?

Militant activity has always been an exalted way of living. To have a broad transforming aim, and to take part with others in achievement of that aim, is considerably to enrich one's individual life. True, there are stresses in a life of militancy, but are not those stresses first of all stimulating?

To militate is also a battle. First because there are obstacles, strong pressures to resist the militant's commitment. Those obstacles relate not only to the crisis in which Communists, like other French people, are liv-

ing; the crux of the question is the stakes represented by the problems posed, and the political and ideological pressures brought to bear by those forces desiring to limit the conscious commitment of men to take in hand their own destinies.

In the world and society as they exist, solutions can result only from collective action, which implies the commitment of each individual, but that cannot appear spontaneously. The crisis may personalize problems and foster withdrawal into oneself, the more so since the speed of change and conflicting developments can lead to feelings of impotence. We offer another choice to men and women of our country--a choice altogether richer than that of resignation or withdrawal into oneself.

But of course, our call to militant action cannot offer only a model of militancy. The richness of militant life is accompanied by a diversity of Communist commitments.

The party's unity of thought and action is made of that diversity. In this connection we need only consider the broad range of motivations which have led to membership in the party. Against a general background, what differences there were between the motivations of those who came to the party in the era of the resistance, in 1968, at the time of the common program, during the presidential election battle, or after 10 May!

Joining the party is always an important act. In present conditions it has, explicitly or implicitly, a high significance, even if the new member recognizes the party only as to certain points and not as to the whole. The reception and integration of the new member are thus essential. Things cannot be left to chance. It is on our ability to meet the individual needs of comrades that the transition from membership to militant commitment largely depends.

The party is the crucible in which all contributions are fertilized: democratic centralism permits the full growth of individual and collective dialectic. It is a great school of democracy, liberty, and responsibility.

Can any better expression be given to the nature of the living, profound, and diversified relationships which arise between Communists and their party than by recalling the resolution of the congress: "Today each Communist, each party organization, in order to react more quickly to more complex situations, must be able to meet, in day-by-day action, the broad questions of societal change, and to contribute responses both fundamental and concrete; they must be informed concerning national and international realities, and concerning the developments in knowledge and experience which underlie our strategy, in order to master it in depth, contribute to its continuous elaboration, and apply it in ever more appropriate ways." *

*CAHIERS DU COMMUNISME, February-March 1982, p 390.

To be a militant today demands knowledge and intelligence, and is very stimulating for one's personal life. Communists are needed who are rich in ideas and initiatives, as was indicated by the general tenor of Francette Lazard's report to the central committee in April 1982 on education and training.

Communism for the 80's needs to understand existing realities, to know how to listen and how to make itself heard, and to know how to find its way in the confrontation of classes so as to advance fundamental solutions by comparing them with those of other forces in the field.

To make a revolution is to wish to transform individuals into whole men, that is, into men who freely and consciously control their existence. To be a Communist simply means to be in the avant-garde of that movement. That does not give us any right or claim. We want to do great things. But as Montesquieu observed, to do great things "we must not be above men, but with them." Such are Communists!

6145
CSO:3519/271

GOVERNMENT ACCUSED OF INACTION IN ASSUMING EEC PRESIDENCY

Athens MESIMVRINI in Greek 17 Jan 83 p 4

[Text] The concern of the public regarding the state of readiness of our country to assume the presidency of EEC during the second half of 1983 is in absolute agreement with that expressed by deputies of the opposition in their inquiry to the government.

As a matter of fact, to date no visible preparation has been made that is commensurate with the seriousness of the matter and the many obligations resulting from the assumption of these very useful, but also very difficult responsibilities.

The inquiring deputies, after enumerating the great number of responsibilities which we are required to discharge for the duration of the Greek presidency, emphasize that, according to their sources, the government has not yet made any attempt either to organize the agenda of proceedings or the necessary preparation of hundreds of civil servants who are required for its smooth management.

If these accusations are well founded, then the government's responsibility is great. Actually it becomes greater with any further delay and it will weigh collectively on the government in view of the fact that we would like to believe that its members, responsible for our relations with the Community, have emphasized the urgency and the seriousness of the matter. To this should be added the climate of lack of confidence and of wariness which prevail in the Community circles and the member countries with regard to the ability of our country to successfully accomplish this difficult task.

Just as important is the fact, brought out in the aforementioned inquiry, regarding the failure of the Ministry of Foreign Affairs to define those subjects of Greek interests which should and can be submitted during the presidency of Greece, at a time when we have the unique opportunity given us to push for them. This is an opportunity that none of our fellow members failed to take advantage of in order to promote their own national interests and aims. Actually, they did not even have to face as many and as critical problems--foreign and domestic--as is presently the case in our country.

It is, therefore, the clear duty of the officials to proceed without delay to take the actions necessary to ensure not only the prestige of Greece as a member state equal in rank, but also the maximum advantage of the opportunities, which the exercise of the presidency offers us, to push our national interests.

In the meantime, the government, in order to achieve this objective, must immediately control and educate those of its party, and even the government cadres, who continue to be under the influence of the well-known pre-electoral "anti-Community syndrome," which naturally handicaps any effort in that direction.

Most important, as the inquiring deputies correctly emphasize, the selection of the civil servants, who will undertake the difficult task of serving the Greek representation, must be made with the most irreproachable, non-partisan and merit criteria because the presidency of the Community will be wielded in the name of Greece and not of the governing party. This is an event which demands that, at the very least, there be none of the demonstrably paralyzing factional fanaticism nor the inconsiderate partisan maliciousness. The public is awaiting proof that the rulers are conscious of the national significance of the undertaking and of their truly historical responsibilities.

9731

CSO:3521/167

AVEROF STATEMENT REPORTEDLY SHOCKS SOME IN ND

Athens TA NEA in Greek 22 Jan 83 p 4

/Article by Nikiforos Andonopoulos/

/Excerpts/ The statement by ND President Evangelos Averof on the American bases issue has provoked much opposition --and from many sides-- as, of course, it was only natural. The only thing is that this time this opposition does not preclude being a prelude to developments within New Democracy and more specifically within its leadership.

This is so because the political "conformity" of this party seems not to be able to support any kind of flexibility whenever there is a question of any traditional "supports" of the Greek Right being "affected." Even more so whenever what is "affected" is the American factor --as the strongest perhaps link in the dependence of our country has come to be called over the years.

And what happened within ND --and in the broader area covered by that party-- as soon as Mr Averof's statement became known can be described only by the word "shock."

There Was a Reason...

For most ND deputies and officials, Mr Averof's statement was something incomprehensible, almost irrational, that could not be explained.

The next day, only certain persons tried to "convince" those more anxious ones with the weak argument that for the president to make such a statement "he must have had some reason..."

Of course, that is self-evident. And the argument was not reassuring since what was being asked was exactly the "reason" Mr Averof had to make this statement from Switzerland where he is.

The Conservative Press

However, the atmosphere had begun to change some time ago with the "information" that was spreading in all directions --as had been reported in this column-- about "strong discontent" by certain officials over the government's foreign

policy and about "recommendations" by these same officials to "shut" the bases issue...

And exactly this "spirit" was being spread by both named and unnamed articles in the conservative press. And then suddenly came Mr Averof's statement.

Frankness and Courage

Of course, the statement by the leader of the honorable opposition, at the time it was made and in the spirit in which it was formulated, objectively provided a national service to the exceptionally perplexing handling of our country's issue by the government at the negotiating table with the Americans who were thus confronted face to face with one sole developed national like-mindedness.

The government at once hastened to recognize this in Mr Averof, praising the "frankness and courage" of the leader of the honorable opposition.

Many ND officials did not at all interpret Mr Averof's action from its national aspect but, to the contrary, it was considered as a direct disapproval of the line being drawn up by certain party and non-party elements.

For others, on the other hand, Mr Averof's statement was a warning to all those who are arranging his replacement in the party's leadership.

It is not easy at this time to know how much these interpretations hold up.

What is, however, known is that there was, indeed, displeasure among certain elements over the statement by the ND leader, something which, in truth, is arranging changes in the party leadership and which have already begun to put forward a "solution."

Perhaps because the "message" they read into Mr Averof's statement is that the experienced political leader of the Right has not had the last word. If indeed the information that comes from his entourage is correct, Mr Averof intends to be the one who will have the last word.

Objections at the Time

However, besides all of the above, one must not ignore the fact that Mr Averof has, in fact, special sensitivity over the bases issue, something which is not irrelevant to the fact that as minister of national defense he had direct knowledge about details of the problem as well as the views and intentions of the military leadership.

It is perhaps necessary at this point to recall that if negotiations on the bases were suspended in 1981 by the ND government of the time this was due to a great extent to the objections raised by the Ministry of National Defense in contrast

to the study by the civilian leadership of the Ministry of Foreign Affairs to move forward to the signing of the agreement....

How fortuitous and coincidental these things are with Mr Averof's present action is something that will appear very shortly.

For the present it would be a mistake to attribute Mr Averof's action to a "sentimental burden," as certain people are venturing....

5671

CSO: 3521/173

SUCCESSFUL AGREEMENTS SEEN RESULTING FROM TIKHONOV VISIT

Athens TO VIMA TIS KYRIAKIS in Greek 16 Jan 83 p 10

/Article by Giannis Kartalis/

/Excerpts/ What will Mr Tikhonov bring out from the cold? "Activation" of frozen agreements and negotiation of new ones that relate to transportation, technological cooperation, recognition of university degrees, cultural exchanges, and settling of so-called problems of "dual citizenship" for persons holding both Greek and Soviet citizenship.

The visit by the Soviet chairman who will come out from the cold is expected to decisively contribute to the thawing of Greek-Soviet relations. This is so because the official visit that Chairman Nikolai Tikhonov will pay Greece next month was, in truth, late in coming, with the result that Athens-Moscow relations had become immobilized into an unusual waiting phase.

The new prospects that are being opened in relations between the two countries had already begun to be apparent after Prime Minister A. Papandreou's trip to Moscow last November to attend Chairman Brezhnev's funeral. Of course, although that visit was ceremonial in nature it did, nevertheless, give Mr Papandreou the opportunity, during his meeting with Mr Tikhonov, to ascertain the real interest by the Soviets to revive Greek-Soviet relations.

Captive to the prejudices that had as their origin the domestic political developments in Greece before and after World War II, Greek-Soviet relations --unlike relations that the Soviet Union developed with other West European countries-- went through a long period of coolness and mutual distrust.

It should be pointed out here that the first four Greek-Soviet economic agreements that had been signed during the period of the 1978 and 1979 visits were not fully implemented or else languished. It is also to be recalled that these agreements related to the setting up of aluminum production plants, the sale of Soviet electric power via Yugoslavia and Bulgaria, the supply of Soviet natural gas via Bulgaria, as well as the supply of crude petroleum.

Mr Tikhonov's visit to Athens will certainly provide the opportunity for activating and adapting these agreements to present realities. Also to be signed are new agreements that competent services are already working on and that

relate to transportation, technological cooperation, recognition of university degrees, cultural exchanges, as well as settlement of so-called problems of "dual" citizenship for persons holding both Greek and Soviet citizenship. A Soviet delegation that is expected to come to Athens in the next few days to prepare Mr Tikhonov's visit will discuss the details on the signing of these agreements. Thus, the main burden of the talks between the two prime ministers will not relate so much to economic matters (that will have previously been settled on the technocratic level) but to political ones.

And it should be stressed at this point that this visit is taking place at a time when Soviet proposals for a reduction in nuclear weapons are coming one after the other and are encountering positive response from the Greek side.

Besides, Mr Papandreou's initiatives in creating a denuclearized zone in the Balkans as well as reestablishing some contact with Poland have been met --as is natural-- positively by Moscow. Indeed, there are certain indications that lead to the conclusion that during his talks in Athens Mr Tikhonov will propose a denuclearized Balkans area, a proposal that had, in fact, been made in the past by Leonid Brezhnev.

However, besides the more general topics of disarmament and international detente, the Greek-Soviet talks in Athens will also turn to more specific problems of the region (primarily the Aegean and Cyprus problems) where up to now the Soviet Union has maintained a policy of delicate balances that, in truth, most of the time leans in favor of Turkey, resulting in the creation of an atmosphere of coolness in relations with Athens.

It should be considered certain that in his private talks with Mr Papandreou in Athens Mr Tikhonov will find the opportunity to provide more explanations and clarifications on Soviet policy in our region. A policy that must become the object of careful study by competent Greek authorities for the further formulation of a genuine multi-dimensional foreign policy.

5671

CSO: 3521/173

LEFTIST, RIGHTIST TENDENCIES WITHIN KKE AT CONGRESS

Athens ANDI in Greek No 223, 21 Jan 83 pp 20-21

/Text/ The following article was written by a KKE cadre who had been expelled for being a "dissenter" but who is closely following developments in the party. ANDI's editorial board has respected the special reasons that dictated publication of this article without using his real name.

Public opinion has recorded the 11th KKE Congress as being "closed proceedings" of a certain party of the Left. Nevertheless, there is continued interest over not only what took place on the congress stage but also over the fact that perhaps for the very first time ever not only were the agreements within its ranks visible but also its tensions and disagreements.

Clash Within the Political Bureau

The differences of opinion within the ranks of the political bureau have already been remarked upon and commented on at length by the bourgeois press and other forces of the Left. We are recording in summary fashion for PASOK the views of Gr. Farakos and K. Tsolakis that constituted a clear attack on the positions and actions of Khar. Florakis.

If, indeed, Gr. Farakos was moving in the sphere of "theory" and undermined the Florakis "line" through RIZOSPASTIS, K. Tsolakis was moving more practically in the sphere of the party "grass roots" since it appears that he influences regional offices enough --and significantly. Besides, immediately after the 1981 parliamentary elections an intra-party rumor had begun about the need to replace the "moderate" Khar. Florakis by another secretary with "strength," "ideological purity" and "political firmness," virtues that Mr K. Tsolakis was supposed to have.

The sure thing is, nevertheless, that the organization that K. Tsolakis directly directed in its pre-electoral decision ended up with ascertainments quite different from the corresponding one of Athens, while he himself, even at the congress, indirectly but clearly came out in favor of an intransigent attack against PASOK.

Thus, indeed, an unusual phenomenon occurred, namely the primarily "pro-Soviet" element within KKE disagreeing with the directions of Soviet foreign policy as clearly enunciated by Mr Ponomarev in his speech, in accordance, moreover, with the atmosphere that was being prepared for days by Soviet news media.

There were many interpretations for this unusual phenomenon. One view holds that the crisis within the Soviet leadership created confusion in the position on the Greek side. Also, that other directions, sometimes going in one sometimes in another, were being proposed until the "Andropov" proposal for a compliant stand against PASOK would be consolidated.

Another view holds that Farakos and Tsolakis fell victim to a "bid for purity" that no one had asked for and that was deemed by the Soviets as damaging in its present phase.

A third interpretation, that precludes interventions and dependences, maintains that Farakos and Tsolakis, being the most responsible for the blind party patriotism of the past 8 years, yielded to the "spirit of the grass roots" which in an overwhelming majority and with primitive argumentation sought the condemnation of PASOK as a "bourgeois party" (this, moreover, being the "theoretical" view of the two political bureau members) and a clear-cut "revolutionary" policy for communism....

Nevertheless, the congress, at the political bureau level and once Kyriakidis and Georgatos had been removed, made Khar. Florakis stronger, and with the reduction in the number of members in this body, Khar. Florakis is considered as having at least reinforced his position by one vote.

There is, however, the problem of the reconstitution of the political bureau since Kaloudis, Ambatielos, Koukoulos and Logaras do not constitute long-term solutions, while the younger cadres consider them as "inadequate."

The Central Committee Pre-Congress Deliberations

If it is assumed that there were some cracks at the summit during the pre-congress dialogue, then during the deliberations themselves there was no split from the status that has long prevailed from the Zakhariadis line and hence the party's.

For example, the actual electoral meetings of the KOV [Base Party Organization] and branch committees were held before the pre-electoral meetings. Thus, the significant weaknesses of immediate action issues were separated from general positions and problems. At the same time, the continuity of the average cadre strength was ensured through the above proposals. Indeed, the overwhelming majority of the members of the central committee and political bureau were chosen through the regional conferences. Thus, not only was their election ensured but the inconsiderateness of the leadership to the grass roots was accentuated.

All of the above has not succeeded in hiding the fact that the KKE has stagnated on an organizational level. The party has become a center of transients since new members usually make up for those who have become dissociated or have become inactive, while the quality of recruiting has been gradually dropping.

Nevertheless, according to organizational estimates, the party has about 35,000 members, a fact that is recorded as being double the strength since the 10th congress. Essentially, however, new members come from internal recruiting (going from KNE /Greek Communist Youth/ to the KKE) and former combatants who are joining up again, none of them having any special activity and few new really genuine members.

The pre-congress deliberations were not of any special quality. Events were not lacking that immediately brought to mind other --recent, at any rate-- times. Thus, for example, a group of cadres from Athens, who had been elbowed out from the intra-party hierarchy and influenced by former central committee member Vergos, sent a letter to the CPSU asking that it intervene with the KKE, but, of course, the Soviets returned the letter unanswered.

At any rate, characteristic of the atmosphere was that for the first time the well-known schematic discernment of some "Right" and "Left" tendencies within the central committee was beginning to be clearly established. Of course, this involves altogether primitive schematizations without any ideological, theoretical or political criterion.

Khar. Florakis himself is indebted to the "Right" with M. Androulakis being the theoretical enunciator. In the "Left" wing, besides the historic leaders Farakos and Tsolakis, a new star showed up at the congress, namely N. Kotzias (both Androulakis and Kotzias come from the KNE and belong to the new generation of party cadres).

Up to now, these two cadres have taken quite a few initiatives on many issues. M. Androulakis is considered more effective and also more exposed because he is engaged primarily with the party "line." N. Kotzias prefers operating from a secure and long-term point of view, mainly through his work on the central committee's ideological committee.

The leftists have as their main characteristic the subordination of all issues to two factors: "factionalism" and complete acceptance of the ideological and political context of "existent socialism." Both "factionalism" and "existent socialism" mutually complement each other and provide answers to all the problems of the movement.

On the other hand, the rightists seek ways of bringing the KKE into the political game. In Leninist terms, they are more "leftist" and revolutionary than their critics. They are also slightly differentiated on issues of "existent socialism" where they permit cautiousness to be revealed over some manifestations of some "authoritative superstructure," without at all calling into question the socialist nature of these regimes.

During the congress, the representatives of both tendencies openly clashed on the one vote of interest. Namely, the congress was called on to decide if PASOK is "social-reformist" (a term and position that M. Androulakis first presented in his article) or simply "reformist," as N. Kotzias asked. Despite Ponomarev and the weight of Florakis, etc., the Kotzias view garnered over 200 of the 700 votes and thus broke the principle of unanimity.

And yet in the elections that ensued M. Androulakis was elected regular member of the central committee, while N. Kotzias remained an alternate member. Despite this, it is not fortuitous that on 9 January M. Androulakis, in an article appearing in RIZOSPASTIS, attacked some views that are easily recognized as being related to those of N. Kotzias.

These clashes are not at all of secondary significance but do have their special aspect that has not been remarked upon.

In other words, the KKE is a party without a succession "of generations." From the political bureau and central committee ages (average being 60 years of age), the figure suddenly drops to the 30's for the newer cadres. There is, therefore, an unusual problem of succession where the present clashes will prove to be very important in the not too distant future.

What congress then will be the one to make known the crisis within the KKE in which the 11th congress opened a small crack?

5671

CSO: 3521/173

COMMENTS ON PROPOSAL FOR SIMPLE PROPORTIONAL ELECTORAL SYSTEM

KKE Proposal Gains Ground

Athens O RIZOSPASTIS in Greek 25 Jan 83 p 2

/Text/ KKE's suggestion for the enactment of the simple proportional electoral system has received the support of leaders from the entire spectrum of the democratic political world, distinguished jurists, trade unionists and other personalities of social and intellectual life. This response--which is even greater among the working people--reflects the necessity and maturity of such a measure. It is not just incidental that personalities such as former Premier P. Kanellopoulos, Athens Bar Association Chairman Makhairas, former Deputy Minister Papagoulis and Pepelasis, Pasmazoglou, Zigdis, jurists P. Korkovelos and F. Kouvelis and many others, in statements to RIZOSPASTIS unanimously support the need to enact the simple proportional.

The need is underlined even more by the recent developments and the intense rumors about the scenarios for a reactionary backsliding. The enactment of the simple proportional--it is now recognized by broader political circles--is a necessary precondition to finding a way out in the interest of democratic normalcy and the cause of Change.

Objections to Proposal Overruled

Athens I KATHIMERINI in Greek 16-17 Jan 83 p 9

/Editorial: "The Simple Proportional"/

/Text/ There is a general agreement that the Papandreou government will not be able to overcome the problems piled up by its policy in all sectors. It is very likely that the premier fully aware of the impasse he is heading for will seek a way out in early elections which will allow him not only to renew the confidence of the majority of voters but also to restructure the parliamentary force of his party. With its present composition the parliamentary force is not a source for drawing cabinet members. This means that Papandreou, even if he wanted to proceed with a reshuffling of his government, would have to resort to a much greater extent to using nonparliamentary personalities. Even those are now in short supply.

It would be a mistake with destructive effects on our national interests and on the smooth functioning of the parliamentary system to have the next elections held under the existing system of the highly reinforced proportional system. This proposal is presented out of a mere desire to oppose Papandreou who seems to favor holding the elections under the electoral system that brought him to power. He apparently hopes to repeat the performance. Holding the new election with the simple proportional electoral system--without other conditions except a small percentage required for participation in the second and third distribution of voter--is dictated by two very specific and serious reasons. First, to end the "entrapment" of the voters' consciousness in the false dilemma: Right or PASOK! Second, because the clarification now that the next election will be held under the simple proportional will ease the present psychological climate which is responsible mainly for the ideological, partisan and conscience-related confrontations.

The difficulties are visible in the domestic problems and foreign relations facing the country so that it is a crime against the nation to exacerbate artificially these difficulties just to exploit them instead of having a rational behavior by all to help their solution. Guided by this truth, it is not proper to allow personal objectives or objectives inspired by the interests of third parties whose promotion is cultivated by creating the impression that we all divided into two camps that have nothing in common! The recent economic developments showed that such "camps" of convictions, goals and methods do not exist. Life itself teaches that in all directions one can find "valuable uses" and that the ideological, partisan or dogmatic expressions of egotism are the surest way not to "utilize" these values or to deny their existence!

By insisting on holding the elections with systems which prevent the search for available alternatives in every direction and that only one "camp" has the necessary "fighters" who can win the battle even for the opposing camps is a sure way to lose the war! The argument has been presented that the simple proportional system will bring about developments in all parties which will result in their fragmentation. Also, that this electoral system, no matter how much in keeping it may be with the best specifications of parliamentarism and democracy, creates unstable coalitions ready to fall with the desertion of only a few voters. It has also been argued that the simple proportional will widen the presence of the communist party in parliament.

None of these arguments is convincing. Italy with its frequent government crises is one of the EEC members with a comparative healthier economic course and a more resilient parliamentary system in spite of terrorism and the existence of a strong communist party. The fragmentation of political camps comes only where there is no unity of goals and orientations. When neither exists, what and whom does the "organizational unity" of such a camp serve? Finally, the communist parties are dangerous and therefore undesirable, not as parliamentary parties but as revolutionary forces. The parliament requires a sense of responsibility. The street is the arena of irresponsibility!

If the Papandreou government, after so many false actions which placed their seal on the 15 months of its governing leading to dead ends, wants to improve

the starting point for future developments he should immediately come forward with the subject of simple proportional. This is the only "contract of honor" he should actually honor!

Possibility of Early Elections

Athens ANDI in Greek No 223, 21 Jan 83 p 5

/Text/ Of course, the government characterizes as "comical" every report about forthcoming elections. For this reason it says that it has no intention of introducing a new electoral law before the fall of 1984 "to avoid creating a preelection climate." Nevertheless, leading cadres of PASOK (even one known cabinet member) do not rule out in private talks the possibility of early, sudden elections "if an election becomes necessary." Why and under what conditions will this become necessary (and therefore favorable to PASOK) is not explained. There are commentators who combine the non-introduction of the electoral law--and therefore the retention of the present system of reinforced proportional representation--with the prospect of sudden elections, while other commentators note that the government would certainly prefer to wage the electoral battle not in the area of socio-economic demands but in an open confrontation with the Right on issues such as democracy, the smooth functioning of the constitutional system, relations with NATO, etc.

No matter what, 1983 is emerging as "the year of the critical turning point" and of "significant developments" which will determine the course of many things.

7520

CSO: 3521/172

PASOK MODERATES SEEN COALESCING AROUND PARLIAMENT'S ALEVRAS

Athens EPIKAIRA in Greek No 755, 20-26 Jan 83 pp 14-16

[Text] Last week, Mr. Papandreou, deeply concerned by the "protest movements" taking place within his party because of the bankruptcy of his policy, made veiled threats to frighten the dissenters with open accusations against a mysterious "establishment" (which, in this case, is unrelated to the Right), which is trying to "recruit" government and party cadres. According to reliable sources of EPIKAIRA, the reaction of Mr. Papandreou was provoked by recent moves by concerned cadres which expressed strong doubts about the policy of the administration, both foreign and domestic, and because of the already open meetings of the "dissenters."

The concern of Mr. Papandreou was brought to a climax by the news that the "recipient" of all this concern, both the protests as well as the proposals, is the President of the Chamber of Deputies, Mr. Alevras. The dissenting PASOK cadres believe that only the president of the Chamber of Deputies can officially express this general concern and can begin doing so by proposing, through his actions, a "solution" to the leader before the country falls into a chasm and before this concern turns into an undesirable repetition of the "defection ..."

The cadres are afraid that Mr. Papandreou, by losing control of the situation, may again take knee-jerk measures which will lead to irreparable damage to the economy, to diplomatic isolation of the country or to a premature electoral adventure in an overheated political climate...

The cadres are disillusioned because Mr. Papandreou confronts their moves in the same harsh manner with which he confronts all problems, that is, with demagogic diversions.

As a matter of fact, after the disillusionments for the course of the country's economy and the hardships facing his contradictory domestic and foreign policies, Premier Papandreou is now the target of the "spears of distrust." Reports he receives from different sides relate the strong displeasures of deputies of his party and the "group" moves of dissatisfied or worried ministers and PASOK officials. Most significant is the fact that the "recipient" of the efforts of these moves by the moderates is President of the Chamber of Deputies, Mr. Giannis Alevras...

These sources report that the basically non-Marxist oriented deputies and officials of PASOK convey to Mr. Alevras their concern and their views of the situation which they consider desperate... Many are urging him to seek a way out...

According to the same reports, the President of the Chamber of Deputies, Mr. Giannis Alevras, has not kept the premier in the dark about the growing dissatisfaction of which he has become the recipient and has not neglected to express his own concern about the course of the domestic and foreign affairs of the country.

Three Currents

The reasons causing the concern of the cadres of PASOK are many and not always of a political or economic nature.

Groups of deputies meet privately, as was happening just before the presentation of the Panagoulis motion, and, indifferent to the danger of being discovered, exchange views and seek ways of "salvation." As is already known, the PASOK deputies are divided into three political factions:

The Marxists,

The socialists who are straightforwardly opposed to communism,

The "old party" members, known as George's Papandreists.

All three currents of cadres are very deeply dissatisfied with the general policy of the administration... The Marxists tend to accept the demands of the Communists who clamor for "more change," participation of the KKE in the government, and the beginning of proceedings for wide socialization, while, at the same time, they want to begin the gradual disengagement from NATO and, at a second stage, from the EEC.

The socialists, along with the "old party" members (that is, the moderates), want, on the contrary, to curb the "labor paternalism" and the "farm paternalism" demagoguery and tax exemption "because soon we will be walking on ruins."

They also want a firmer stand vis-a-vis the Allies and the EEC in view of the fact that the premier himself has publicly recognized that the "national interest" demands both remaining in NATO for the time being and the keeping of the bases for reasons of national security...

The Moderates Have Ascertained...

The moderates have collected data which demonstrates that:

In the economic sector, private initiative has become totally disenchanted. Communist-controlled unions, "nihilists," and demagogues systematically uproot all the healthy business with the result that the economy is disintegrating, production is diminishing, unemployment is rising and the masses are disillusioned.

They also foment the "unhealthy climate" of nationalizations which is totally disastrous for our economy. They create a stalemate for commerce and the trade of agricultural products with their insistence on replacing experienced private merchants with awkward and costly cooperatives with a bureaucratic mentality.

In the political sector, the moderates point out a very keen acceptance of even the most extreme demands of the Communists with the result of creating "suspense" in the citizens of "urban mentality" and uncertainty about the course of democracy. They point out especially that it was not necessary to celebrate the homecoming of the remaining refugees, who, not only are not that many, but also create serious problems of a non-political nature. They point out the greed of the Communists who get fired up every time they obtain a concession in order to demand another immediately.

They have already succeeded in making the Greek taxpayer pay for the insurance obligations and claims of the repatriated so they could obtain housing loans. Now they demand that the repatriates be considered a special class of citizens who will receive preferential treatment in hiring and will not be separated through the usual procedure. The moderates are fearful that the Marxist-wing of PASOK will soon demand, in order to impress the leftist masses or to satisfy personal grudges, the punishment of the anti-Communist leaders who fought the guerrillas.

Acrobatics

With regard to foreign policy, the moderates point out that the acrobatics of the government have created so much uncertainty among the Western powers that any frank cooperation with them has now become problematic. They note that, while now, after the business slump of our merchant marine, the EEC is the main provider of foreign exchange for our country, we allow the official slandering of it at home and consistently strive to assume a dissenting position in order to impress the Eastern powers. They are disappointed by the position taken by the Arab states which, despite the overtures made by Greece, continue to side with Turkey on the points of controversy between us and to ignore the problems of our economy. They have the same complaints about the Soviet side.

What is the extent of this unofficial and undefined "movement" of PASOK's moderates where the anti-Communist socialists are crowded together with the "old party" center-leftists? All available information places their number in the Chamber of Deputies at between 20 and 30.

Their "recourse" to Mr. Alevras is to be interpreted as an intention to remain in the party coalition and as a "rejection of any kind of defection."

And the Others

It is reported that journalistic and editorial elements friendly to PASOK, who are also concerned because of the progressive slipping of the country into chaos, are connected with the efforts of the moderates. Names of some businessmen, who have been connected with PASOK from its founding, are also mentioned.

It must be noted though that disappointment has prevailed in the ranks of the "concerned" since last Saturday. This, because after their last meeting, the cabinet reacted in the way it always reacts whenever it is faced with troubles, foreign or domestic: with a diversionary tactic. One of those concerned spoke about "unacceptable demagogic tactics." Mr. Papandreou, irritated by the extent of the movement of the moderates and their tendency to seek the help of Mr. Alevras, spoke about an "establishment" (not connected with the Right, this time) which is attempting to "recruit" government and party officials, but will not succeed, and is expected to react "with desperate efforts," etc.

Finally, there is a report that the PASOK party organs are moving in two directions:

The curbing of the protest movement,

The stiffling of any publicity pertaining to it.

9731

CSO: 3521/167

MANEUVERS WITHIN ND IN LIGHT OF PASOK DIFFICULTIES

Athens ELEVTHEROTYPIA in Greek 23 Jan 83 p 4

/Article by Aristeidis Manolakos: "Right's Scenarios Against the Change"/

/Text/ After Averof, what? The question begins to become timely, as several scenarios are coming to light now that the leader of the New Democracy Party is coming back from abroad. Much will be cleared up in the next 2 weeks--for instance, whether Averof will give up his post as party leader. Other matters, such as the unity of the New Democracy, will be affected by the political activities of other non-party personalities of the Right.

In this period, when at all levels and especially through the opposition press it is very evident that the effort of the Right is to "squeeze" the government and to deprive it of its initiative for political moves, the party developments within the ND are particularly interesting for the progressives. Because although the ND cannot recover from its 1981 electoral defeat and directly threaten PASOK's parliamentary majority--K. Mitsotakis' rhetorical high notes notwithstanding--it is possible that from its ranks certain developments may start which could have negative effects on the country's political affairs.

Who is the progressive citizen today who does not worry about the course of the Change--and whoever gives different information to the premier, offers the worst possible service. Real difficulties, gaps in the strategy of Change and gaps in the implementation of the government's work have provided for the past year and a half an open field of the counterattack of the "establishment"--to use a pre-dictatorial term put back in use a week ago by A. Papandreou.

This is a counterattack that is hard to counter even with the most masterful maneuvers at the top. In this climate, the question of what will follow Averof's return does not concern the ND alone. It is related to the overall effort for the reconstruction of the Right to change the direction of the country's political life.

The "Star" of Mitsotakis

The latter scenario is centered on the rise of Mitsotakis' star. Last Monday APOGEVMATINI published an interview under a banner headline in which Mitsotakis called on his camp to get ready "not only to win a majority but to successfully govern the country" because--as he argued--1983 is "the fatal year" for PASOK and "the decay of the government is rapid and tends to become an unstoppable snowball." This general rehearsal for leadership by Mitsotakis was followed a few days later by reliable reports that he has the best chance to succeed Averof in the ND leadership. In the intra-party feud of the ND such outcome is very likely. The climate of confrontation with the PASOK government being cultivated by Mitsotakis enables many old-guard rightist deputies to look to his leadership. His participation in the Makrygiannis Memorial Service showed that he is willing to accept the support of the extreme Right.

This, however, presents two problems. First, it cuts off any chance for cooperation between ND and PASOK in an emergency and burdens the "mild climate," which are both concerns of the president of the republic. Second, the voters of the traditional center are unlikely to abandon Papandreou for Mitsotakis. A joke that immediately circulated among journalists said that if Mitsotakis becomes the leader of ND everyone knows who will be the permanent leader of the opposition.

Toward a Confrontation?

The Mitsotakis solution leads to a confrontation and therefore it must not have, at first sight, the approval of the protagonists and the supporters of the "mild climate," such as G. Rallis, I. Boutos, etc., who it is only natural and expected will react either inside or outside of the ND parliamentary group. It is very likely, however, that a temporary exacerbation of the political climate will enable certain circles of the Right to set in motion other developments.

An old published view, for example, of the staff of KATHIMERINI is that a breakup of the ND would facilitate the political developments. A right-center party could take away the core of PASOK's center voters--according to this view--but also to allow a rapprochement with the governing party. Is it, we wonder, accidental that at this very time KATHIMERINI in a leading editorial suggested that the simple proportional electoral system be enacted--a system which, regardless of whether it is a good measure or not, will facilitate the breakup of the ND?

Although the KATHIMERINI article was addressed to the government because the enactment of the simple proportional system depends on the government majority, the true recipient was the president of the republic. If Karamanlis removes his objections it will be difficult for the government to go back on its campaign promises.

In any event, the selection of Mitsotakis for the ND leadership raises a dilemma for many personalities of the Right as to whether to accept the open confrontation with PASOK or take a completely different position.

The behind-the-scenes soundings conducted by certain leading personalities of the ND with other political forces seem to gravitate toward the second alternative, so that if necessary they can proceed to form a center-right party.

Double Split

The circulating "scenarios" do not rule out a third alternative: provoking an open rift with PASOK around the government's policies. Real difficulties which are often intensified by the government's errors, unsuccessful selection of persons with criteria which are less political and much more opportunistic, disorganization of the party mechanism--to refer only to the obvious--are suitable for all kinds of reaction. The question is not organizational it is political above all and it is related to PASOK's basic choices which have proved to be ineffective through the government's actual practices. Possibly with the experience of 1½ years, the following phrase from the premier's Sunday radio interview given to M. Rezan may be used as a starting point to "move forward again" the cause of Change. The premier said: "The great mass of the Greek people is committed to the cause of Change. Beyond that, the question is which party will make the change a reality." And he added: "We have reason to believe that we will succeed. But in any event, the Greek people will move forward whether we succeed or not." The people who voted for PASOK and the people who did not but who support it, feel the need to remind "here and now" that it is necessary to show wisdom and courage, strategy and planning and immediate "restructuring" of the political personnel of the Change based on the political alliances which are akin to PASOK, but with meritorious criterion capable of facing up to the counterattack of the "establishment," and the attempts to undermine PASOK.

The "scenario" to cultivate a crisis within PASOK appears to be the last resort for the "parliamentary alternatives" sought by the Right. Nevertheless, certain circles place it in the context of "legitimate" solutions for a shift to the Right in the country's political life.

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CSO: 3521/172

INTERNAL DISSATISFACTION CLAIMED AMONG PASOK 'CENTRISTS'

Athens I VRADYNI in Greek 17 Jan 83 p 7

[Excerpts] According to reliable sources of VRADYNI, a top minister who is savagely attacked by an opposition newspaper, a deputy, a non-legislative cadre of the movement and two economic executives of the country and PASOK financial backers met Thursday evening, 13 January at the villa of one of the latter and remained there until the early hours of Friday, discussing the consequences of devaluation and the situation in general.

A common characteristic of all five was their political and ideological identity: "middle-of-the-roaders" of PASOK, and their weight inside the movement is considered to be substantial. The minister especially is considered to be one of those who influence the premier. And the economic executive is considered to be one of those who contributed to the success of the economic initiative of PASOK when it was the opposition.

During the meeting each of the participating PASOK leaders made an analysis of the situation in his area.

The minister reported on the situation which has developed in the government. He divided the ministers and deputy ministers into Marxists, social-democrats and non-Marxists. Among the first he included Messrs. Arsenis, Avgerinos, Koulourianos, Gennimatas, Lianis, Tsokhatzopoulos, Pangalos, Kaklamanakis et al. Among the social-democrats he included Messrs. Koutsogiorgas, Mangakis, Pottakis, Giotas, Merkouri et al. And among the non-Marxists, Messrs. Katsifaras, Kaklamanis, Veryvakis, Kouloumbis, Maroudas, Papathemelis, Kyriotakis et al.

Ministers against Ministers

In his analysis, the minister made reference to the subject of cooperation among his colleagues--members of the Cabinet--and said that not only is it non-existent, but there are rivalries between them due basically to favoritism and an irresistible tendency to form groups.

"It is sad," this minister said later, "but the rivalry between my colleagues extends so as to include their wives and it is taken into their private offices, the ministries, with the result that there is a sick atmosphere."

A similar analysis was made by the deputy of the movement present who, in addition, emphasized that the members of the legislative group of PASOK are dissatisfied with the continuing arrogant behavior of the ministers towards them.

"The promises made on this point by Andreas," the deputy said, "turned out to be empty words and the deputies continue to be harassed by the ministers and, even more, by the non-parliamentary officials, especially after the elimination of the cross."

They Proved Worthless

Both the minister and the deputy pointed out that, since the devaluation, the psychological condition of the Cabinet and parliamentary group members is especially bad.

"The majority have lost their courage and trust in the leadership of the movement and everyone doubts the ability of the other" it was emphasized during the meeting of the "five."

It was also said that deputies in small groups meet in private homes under the pretext of social events and, in their conversations, they openly criticize the ministers and especially the non-parliamentary officials "for lack of imagination, daring and ability."

At one of these meetings, a deputy who has been successfully elected since 1977 on the PASOK ticket said, "We brought them from abroad as if they were magicians and, as saviors, they proved to be worthless. Somebody must tell Andreas that if he does not get rid of them, within a few months both PASOK and the government will sink and we will drown with them!"

The non-parliamentary executive of the movement spoke on the conditions prevalent in the local organizations and more particularly in the provinces.

"The chasm," he said, "between Marxists and democratic members of our movement is already unbridgeable." He continued stating that the former have unleashed a war against the latter who, in turn, increasingly criticize the government's measures.

In his report, this executive added that in effect the committees have stopped working, their executives do not meet and their members are divided into Marxists and anti-Marxists.

He also pointed out that an ever increasing chaotic condition exists between the local organizations and the deputies because of the ambition of some local officials to oust from the coalition "deputies who have been elected two and three times and have become established." This ambition--it was emphasized--is stronger since the abolition of the cross.

They Hide from the People

During the meeting it was said that the war between the local organizations and the deputies on the one side and the disillusionment of the PAKOK electorate

with the administration's policy on the other have forced the members of the parliamentary group to cut down on their visits to the provinces. And it was emphasized, "Our deputies and cadres, who two years ago filled the cafes and town squares, are hiding now in the cities, justly afraid to face the people who lately appear to be enraged at our policy."

The non-parliamentary PASOK official made reference in his report to two additional elements:

1. The popularity of the government which at the time--especially since the devaluation--he estimates to be between 30 and 32 percent, in accordance with the opinion of other expert officials of the party, "but with a tendency for our percentage to suddenly drop to a point that, should it continue at the same rate, we will not be able to hang on to the power until Easter!"
2. In the singling out of the "hard-liners" of the party apparatus who, if they cannot be persuaded to moderate their views, must be isolated.

Tzoumakas Attack

Characterized as such were: Deputy Tzoumakas who, after being propelled into the Secretariat of the Central Committee, "has become unbridled." The secretary-general for the Press, Mr. Kostopoulos, who has become a "little czar" in his area of responsibility. The secretary-general of the Ministry of Social Insurance, Mr. Skoulas, who is in the forefront of the friendship with Qadhafi and deputy minister, Mr. Pangolas, who is considered to be one of the most active and dangerous Marxists.

The meeting ended with the decision:

- a. To warn the premier about the dangers inherent in continuing along this course, and
- b. For the moderate deputies of the Party to rise and make their views prevail over the policy of the government.

In case of failure, it was said, PASOK's days in power are numbered.

One of the participants in the meeting tried to speak about the need of creating a coalition of moderate dissidents within PASOK, but the others interrupted him saying that such a solution should not be discussed yet.

9731

CSO: 3521/163

INTRA-PARTY GROUPS, INFLUENCES, AMBITIONS, SUCCESSION IN ND

Athens TO VIMA TIS KYRIAKIS in Greek 30 Jan 83 p 9

/Article by Mikh. Dimitriou/

/Text/ Nothing is certain about developments within ND except that these developments are occurring.

Mr Evangelos Averof's return from Switzerland perhaps had as some temporary result the subsiding of agitation and factionalism but it did not settle the serious problem of the party's leader.

There is a widespread impression that Mr Averof --despite recommendations and urging by those close to him-- has accepted remaining at the head of ND for a period of time following a "high-level intervention" so that succession within the party might be more normally ensured.

At the same time, Mr Averof's latest political initiatives --starting with his statement on the bases issue-- perhaps ensure him a personal "Center-Right" reputation, but they do not settle the problem of the ideological modernization of ND.

This dual crisis, leadership and ideology, has recently rocked the honorable opposition and has given rise to a series of splinter groupings, factions, alliances and line-ups among deputies and cadres

At any rate, Mr Averof's return to his duties will put developments within the party "on ice" for a period of time but no one appears to consider this temporary stage lasting any longer than 4 at the most 6 months.

Up to then, no deputy and no "clique" appears ready to openly raise the leadership issue, and it is with this premise in mind --i.e. that developments are in Mr Averof's hands-- we must see ND's intra-party picture as it has developed in recent months, with influences, groupings, ambitions and new formations.

"The Third Solution"

The so-called "Boutos group" that was also the most solid of the "Rallists" held a meeting some time ago in a house on Roi Street in Psykhiko.

Its leader, former Minister of Coordination Giannis Boutos, told his friends that in case he himself were not to be a candidate for party leader he would release them to support any "successor" they wanted. Specifically, they were free to choose in a K. Stefanopoulos and K. Mitsotakis reckoning.

Despite the fact that Mr Boutos appears as the enunciator of specific "Center-Right" tendencies, the preferences expressed then by certain of his friends revealed that this group too --to which has been added Mr G. Papaevthymiou, former deputy of the "National Rally"-- had not been set up on the basis of common ideological orientations.

Its "second-in-command," former minister Georgios Panagiotopoulos (deputy from Kavala), stated then that he preferred the candidacy of Mr Stefanopoulos, but it is being said that he later wavered and did not preclude his voting for Mr Mitsotakis.

Mr Panagiotopoulos' enemies have recently called him "little Mitsotakis" for certain waves made during his ministerial service in commerce and communications.

Messrs Anastasios Papaligouras (Korinthos), Nikos Anastasopoulos (Messinia), Konstandinos Prindzos (Magnisia) and Stavros Tataridis (Evros) had expressed their preference for Mr Stefanopoulos, while Mr Dionysios Livanos (Aitolokarnania) defended Mr Mitsotakis from certain charges that had been levelled against him that evening and appeared to waver in his preference. For a period of time in December, Mr Livanos discussed the candidacy of Mr Mitsotakis and did not preclude his support for this candidacy.

On the other hand, Mr Giorgos Souflias (Larisa), a former minister and another "Boutosist," appears to lean towards Mr Stefanopoulos. Nevertheless, certain differences have transpired between then and the sudden return of Mr Averof last week-end. These are as follows:

Also taking part at that meeting on Roidi Street was former minister Stefanos Manos who supported a third solution for the future leadership problem of the party.

Mr Manos said that the Stefanopoulos-Mitsotakis reckoning will once again split the party that does not have other such latitudes and he suggested that the matter of Mr Georgios Rallis' being reelected to the leadership be examined.

As Mr Stefanos Manos explained, the former prime minister could constitute the "new Center-Right person" that the party needs today.

The following who attended the meeting that evening agreed with the Rallis solution, an issue that has been discussed at length since then: Messrs Tzannis Tzannetakis (Athens), Alexandros Avramidis (Kilkis), Georgios Papaevthimiou (Karditsa), as well as Dionysios Livanos, Nikos Anastasopoulos, An. Papaligouras and G. Souflias.

Mr Giannis Boutos, the group's head, although he did not himself become a candidate (since then he has been saying "that would happen only if we were to assemble 25") is tending to the idea of having a Rallis-Mitsotakis reckoning once Mr Stefanopoulos withdraws.

The Inflexible Mr G. Boutos

Nevertheless, Mr Giannis Boutos does not appear to have abandoned his own personal ambitions either for the leadership reckoning or for remaining as a strong party factor and group leader. The only thing is that Mr Boutos --as his friends charge-- is not doing anything to preserve his leadership ambitions even if with good social relations and collaboration. It is being said that regardless of how good Mr Boutos' appearance may be with his statements and speeches on economic issues, his appearance is being ruined through his "inflexible" nature and his "passionate" conviction that the leadership problem will be influenced "from above."

Two other individuals in the "Boutosist" group seen to have some broader ambitions;

Tzannis Tzannetakis, deputy from Athens, who is considered as a trusted "Rallist," is said that, following the municipal elections, he is believing in some ambitious role for himself and for that reason he is maintaining his central pre-electoral apparatus in readiness.

On the other side, Mr Giannis Palaiokrassas, deputy from the Kyklades, who did not attend that meeting, is being criticized for "having stirred up the waters" from the time he assumed the position of secretary general of the ND parliamentary group. Certain of his old "collaborators" criticize Mr Palaiokrassas for presently "playing with everyone" and for trying to facilitate his own influence in the party with the support of shipowner circles in London who are ND's financial backers.

K. Mitsotakis, Impressions, Numbers

During Mr Averof's absence, the impression prevailed that the leadership reckoning would be between Mr K. Stefanopoulos and Mr K. Mitsotakis. The latter has recently begun to realize some rise in his influence among deputies that was not due, as is being said, only to his "good appearances" in parliament but to some "hypotonicity" of Mr Stefanopoulos. Of course, this rise in Mr Mitsotakis' influence among the 110 ND deputies has continued to be limited since Mr Mitsotakis' entourage itself has confirmed that "we have 30-35 deputies with us."

Nevertheless, there were no more than 10 who stated that they would support the candidacy of the former minister of foreign affairs in a leadership reckoning.

Of those supporters of Mr Mitsotakis were Deputies Stellios Alamanis (Karditsa), Ioan. Sergakis (Lasithion), Giannis Kefalogiannis (Rethymnon) who is also called "aide-de-camp," Manolis Kefalogiannis (Irakleion), Georgios Sourlas (Magnisia) and Athanasios Taliadouros (Karditsa).

The following are said to be pro-"Mitsotakis;" Deputies Nikolaos Kleitos (Serres), Vasileios Mantzoris (Arkadia), Georgios Stamatis (Aitolokarnania), Angelos Valtadoros (Imathia), Ilias Vezrevanis (Thesprotia), Panagiotis Klis (Evros) and Theodoros Papadopoulos (Serres).

It should be pointed out here that both deputies and others from various categories and groups do not intend to blindly follow Mr Mitsotakis or any other "successor" in decisions and initiatives, such as the reckoning with Mr Averof toward whom all have at present expressed provisional loyalty and, of course, they do not appear to be ready to go so far as to withdraw from New Democracy.

The preference in principle does not mean given support in everything, in other words that each successor has "in his pocket" those deputies or any others who had been secretly promised to him on his every initiative.

Despite the fact that certain deputies agree that Mr Mitsotakis is the "best," that is the strongest of the present successors, the possibility of the Cretan politician for the ND leadership appears pessimistic.

Not only because many consider Mr Mitsotakis a "foreign element" and vulnerable to PASOK attacks in the party but also because --as has been recently rumored-- he will not have "the blessing from above." Nevertheless, it is unknown how many positive votes Mr Mitsotakis' candidacy would garner in any future reckoning, but, at any rate, it appears from now that he has been assured of the negative vote of most "Averofists," Mr Kon. Papakonstandinou, Mr E. Evert, Mr Akh. Karamanlis and quite a few "pure Rallists."

"Stefanopoulists" Against the Group

Differences that have come about in the camp of Mr Stefanopoulos' supporters are many. This is so because after the abolition of the preference checkmarks most of the deputies are avoiding coming out "for or against anyone," while there are quite a few who are awaiting "from mouth to mouth" the desire "from above" for the new leader. Moreover, both these factors as well as the "hypotonic" leadership behavior of Mr Stefanopoulos appears to have reduced if not the number at least the enthusiasm of his supporters.

Pure "Stefanopoulists" are considered to be the following: Dimitrios Vrettakos (2nd district of Athens), Theofilos Gatsos (Pella), Kon. Gkoukourelias (Pieria), Theodoros Damianos (Drama), Nikos Kaltetziotis (Arkadia), Apostolos Kratsas (2nd district of Athens), Giorgos Misailidis (Khios), Georgios Moundzouridis (Argolis), Nikos Bekiris (Akhaia), St. Bletsas (Rodopi), Panourgias Panourgias (Fthiotis), Vasilis Papageorgopoulos (Salonica), Eleftherios Papadimitriou (Arta), Kon. Paparigopoulos (2nd district of Athens), Froso Spendzari (Ileia), Aristeidis Tsiplakos (Voiotia) and Arist. Pavlidis (Dodekanisos).

Pro-"Stefanopoulists" are said to be the following: Thomas Alexiou (Xanthi), Angelos Vlakhothanasis (Evvoia), Ilias Vougiouklakis (Piraeus), Nikolaos Katsaros (Larisa), Anna Psarouda-Benaki (at large) and Dimitrios Frangos (Attiki). They are for him with all the conditions that he have referred to, the

primary one being the present loyalty toward Mr Averof and faith in the "unity" of the party.

A group of "Stefanopoulists" that is proclaiming the so-called "neo-liberal renewal" but is also trying to have good personal relations (ambitions) and nets is the one under former Minister of Culture Andreas Andrianopoulos (Piraeus) and his staff made up of Themistoklis Sofoulis (Samos), Vasilis Kondogiannopoulos (Ileia) and Kostas Giatrakos (Lakonia).

A fourth group of former "Rallists" in principle "Stefanopoulists" has recently been activated with discussions and theorizations over the future of the party from every aspect. It is made up of the following: Anastasis Papaligouras, Nikos Anastasopoulos, G. Souflias, Vyron Polydoras (2nd district of Athens) and Kostas Sapsalis (1st district of Athens). It is not a question of any kind of "anti-leadership" movement but new deputies with ties to the times of the youth of ERE /National Radical Union/ and ONNED /Youth Organization of the New Democracy/ who take care not to bother others with factionalism.

Both this group and that under Mr Andriopoulos believe that "if in the end Kostis (Stefanopoulos) does not become a candidate," then the candidacy of Mr Georgios Rallis (who is not consenting in any case whatsoever to be a candidate for leader) must be supported as a third solution, and, indeed, with election "through clamor" or through protocol.

In such a case, they reckon that most of the pure "Stefanopoulists" will not maintain a passive stance but would join with them. Specifically, the following are referred to: A. Pavlidis, D. Vrettakos, N. Kaltetziotis, N. Bekiris, S. Bletsas, Pan. Panourgias (who is considered as among the more "Rallist" promoters), D. Papadimitriou, Vas. Paparigopoulos, Fr. Spentzanis, Anna Psarouda, etc.

They also calculate on the vote of Mr Sotirios Gkikas, deputy from Kerkyra and currently "unpronounced" in this development.

The former prime minister, whose stock for a new ND leadership appears to have risen also in the "center of power" on Irodou Attikou Street, has already been sounded out for that reason but he remains restrained. His entourage feels that Mr Rallis would accept becoming leader again if more than 70 party deputies request it.

The Averofists In the Developments

Mr Averof's assertion that intra-party developments --on the issue of his replacement, of course-- depend exclusively on him is well-grounded.

Everybody can grumble but no one can dispute him the leadership and it does not appear that they will do so openly in the future. Nevertheless, the "spread" around Mr Averof is divided into many and interesting levels.

First of all, there is the so-called "circle of elders" headed by Deputies Kon. Papakonstandinou (at large), Georgios Stamatis (Aitolokarnania), Issak Lavrentidis (Serres), Dim. Davakis (Lakonia), Athanasios Taldaris (Athens), Anastasios Balkos (Preveza) and Kon. Laskaris (Athens). They are called that not only because of the age of most of them but because of their conservative mentality and the open hostility of certain ones toward every young deputy.

They are faithful to Mr Averof, men having his confidence, and with the exception of the "pro-Mitsotakis" Mr Stamatis, the others have not revealed themselves.

A group of "neo-conservatives" operates under Mr Papakonstandinou. They aspire to launch themselves as "renovators," primarily in behavior but not in ideas and methods.

Head of this group --with the meaning that he provides the "line"-- is Mr Stavros Dimas, deputy from Korinthia, who is also called "the second-in-command of the second-in-command." The group is made up of Deputies Nik. Gkelestathis (Fokis), Georgios Manikas (Fthiotis) and Pavlos Sarlis (Piraeus). They are "pro-Stefanopoulists" as is Mr Papakonstandinou's protege Mr Dim. Bokovos, deputy from Salonica.

Another group, a subdivision of the "Averofists," that has "spiritual" ties with Mr Papakonstandinou, is made up of deputies who worked closely with the ever memorable Khristoforos Stratos.

Conservative and sometimes pro-royalist, they are not involved in factionalism today and have openly come out in favor of no one but are awaiting developments. Included are Deputies Ar. Kalatzakos (Messinia) who is now said to maintain good relations with Mr Giannis Boutos, Georgios Bougas (Piraeus), Giannis Stathopoulos (Lakonia), Athanasios Krikos (2nd district of Athens), Khristos Fotopoulos (Aitolokarnania) and Dimitrios Nianias (Lesvos) who has recently been said to be "pro-Mitsotakis."

One of the leaders of this group, former Minister Alexandros Papadogganos, is said to have personal ambitions that he is not revealing but that he is discussing with his colleagues outside of parliament. These ambitions of Mr Papadogganos --who is considered among the "skirmishing Averofists"-- are related to the setting up of a conservative and perhaps pro-royalist party.

Pure "Averofists," with the meaning that they will take up the "line" from the present ND leader for future developments and preferences within the party, are considered to be the following: Deputies Nikos Anagnostopoulos (Athens), Ioannis Vagiotis (Kozani), St. Evstathiadis (Larisa), Dim. Theokharidis (Florina), Levteris Kalogiannis (Ioannina) who is also called the "bravest of the brave," Khristos Katsigiannis (Attiki), Athanasios Kondaxis (Arta), Dimos Manousakis (Pella), Kharis Papadopoulos (Kilkis), Georgios Rodiou (Xanthi), Andonios Samaras (Messinia) who is also called the "St. John of the Averofists," Kon. Simaioforidis

(Kastoria), Anna Synodinou (Athens), Konstandinos Tsouplakis (Khalkidiki), Dimitrios Khatzidimitriou (Imathia), Panagiotis Khatzinikolaou (Evros), as well as those known as the "cherubim of the leader," namely Messrs Georgios Tzitzikostas (Salonica) and Sotirios Khatzigakis (Trikala). Most of them are considered as "pro-Stefanopoulits" with the exception of Mrs Synodinou and Mr Samaras who are said that they are not precluding their preference for Mr Mitsotakis.

The Quiet Deputies

Another category of deputies who have remained silent over their future preferences in a leadership reckoning are the following: Messrs Mikhalis Papakonstandinou (Kozani), Dimitrios Kopelouzos (Kyklades), Sotirios Kouvelas (Salonica), Sotiris Papapolitis (Piraeus), Mehmet Oglu Mehmet Yassar (Rodopi) and Thomas Khoutas (Aitolokarnania) who is considered as "pro-Mitsotakis in principle."

Finally, there are certain "group leaders" and "factors" who are (or consider themselves as being) persons of influence within the parliamentary group and party. Mr Akhilleas Karamanlis, deputy from Serres, who had previously supported Mr Stefanopoulos, is careful in his discussions and is thought that he directly influences certain deputies, such as Messrs Panagiotis Koutras (Salonica) and Georgios Moutsios (Salonica).

Former Minister Giannis Varvitsiotis (2nd district of Athens) is said to be a candidate in case of the election of a new leader, while his entourage affirms that "around 20 will support him." Nevertheless, the only deputy who is clearly well disposed to the conservative Mr Varvitsiotis is considered to be Mr Athanasios Xarkhas (Fthiotis).

Former Minister Miltiadis Evert is thought to have some "10 to 15" deputies as close colleagues and friends. His "outsider" leadership candidacy is being discussed in a positive manner both by the deputies in the A. Andrianopoulos group as well as by the "Boutosists," such as Mr Nik. Anastasopoulos, and the "Averofists," such as Mr Pavlos Sarlis. Finally, Prof Athanasios Kanellopoulos, who has recently been Mr Averof's "right hand" in ideological and planning matters of the party, is said to be an "outsider" for the position of deputy leader. Mr Athan. Kanellopoulos' entourage does not preclude his taking an active part --either as a candidate or as a factor in the future succession game.

5671

CSO: 3521/193

'FOREIGN CENTERS' SUSPECTED OF UNDERMINING NATION

Athens ELEVTHEROTYPIA in Greek 17 Jan 83 p 4

[Excerpts] Sentries, be watchful!

Certain disturbing signs are being observed in our country. The specter of an undefined threat, whose origin must be outside the borders of the nation, is making its appearance. The threat is multi-faceted: economic (remember how the colonels' regime was propped up by a deluge of dollars), political and military. What is happening? From what center is the conspiracy, whose odor is becoming increasingly noticeable, coming?

Ronald Reagan, whose administration will be two years old in just a few days, was characterized as the "most conservative president in half a century" by the similarly conservative TIME magazine. Two ugly years for humanity during which the most pessimistic predictions of the European exponents of the so-called "anti-American posture" came true: 11 percent unemployment in the United States (the highest since 1941); a 155 billion dollar deficit in the American budget; a policy of confrontation and imposition towards the Western allies and world-wide warmongering. To be sure, the expedient of authoritarian regimes to push their people into foreign adventurism whenever they cannot assure them a minimum of decent living is old. Therefore, in view of the fact that the Reagan administration of quasi-authoritarian mentality (who can forget that last year it fired all the striking air traffic controllers, 14,000 of them) there is a natural solution for it to counterbalance unemployment and economic recession with heaven-sent crusades "to save the nation" from the "danger from the East."

One does not have to have an eminent political intellect or be a prophet to conclude that, at present, at the end of the second year of the Reagan administration, there is a situation developing to lead the United States up a blind alley, both on the domestic and foreign fronts.

There is nothing more dangerous than a cornered beast; therefore, if the transatlantic beast is dangerous for the countries which have the same political ideology, then it is ten times more dangerous for the ones which, more or less, follow a different line.

At present, there are three countries which are beginning to differ politically from the world's leading capitalist power: France, Spain and Greece. Despite

the fact that all three are part of NATO and for years have been under the canopy of American influence, today they have acquired socialist governments and are attempting to plot a new course. It does not matter what type of socialism each one follows and that it is possible it may be substantially different from the socialism of the other two. It matters that, beyond and regardless of their domestic policy, all three are determined to maintain a truly independent policy in the foreign sector, in accordance with their own interests and not with the interests of the Superpower, which, until now, was something like the "supervising authority." It should be rather self-evident that these three countries are more endangered by the cornered beast.

What is the danger which threatens them? In examining all sides of the matter one concludes that the end result of the many existing dangers is the danger of their governments being overthrown. This because Washington today suffers from the need of "Yes-men" and the replacement of patriotic governments with yielding ones (to use a euphemism) would automatically solve all the resulting problems in accordance, of course, with the dictated desires of Washington.

As we said at the beginning, certain events which take place in our country smell strongly of being guided from foreign centers. The silent "industrialists' war" (the industrialists are part of an international circuit), the noisy "war of private car owners" to be heavily taxed (which resembles quite a bit the "pots and pans revolt" organized by the CIA in Chile), the very long "war of negotiations" for the bases which fails to remind us that the negotiators are allies, as well as many other events, paint an image of a "teleguided" conspiracy to overthrow the government patterned according to proven plans.

Let's bear in mind, above partisan beliefs, and be ready to give our all for the freedom and future of the country--the future of our children.

Sentries, be watchful!

9731

CSO: 3521/163

CONCESSIONS GRANTED TO USSR; ROTTERDAM CONSULATE REJECTED

The Hague ANP NEWS BULLETIN in English 13 Jan 83 pp 1-2

[Text] The Hague, January 13--Rotterdam city and port authorities today welcomed government concessions in a long-standing dispute with the Soviet Union which they said would enable them to provide the Russians with better facilities in the world's biggest port.

City Mayor Bram Peper said the government's decision turning down a Soviet consulate but allowing Soviet managing directors to head joint commercial ventures in Rotterdam would enable Rotterdam to improve its service to Soviet clients.

Soviet Ambassador Viktor H. Beletsky was told of the government decision when he called on Foreign Minister Has ven den Broek yesterday. (See page 6 of this morning's bulletin.)

Rotterdam port sources said they were convinced the government's concession will deter the Soviets from diverting cargoes of grain and containers to the west European rival ports of Hamburg and Antwerp.

The city mayor said he was prepared to take part in a joint Amsterdam-Rotterdam port delegation to talks in Moscow on Soviet shipping interests in the Netherlands.

Too Many Diplomats

A foreign ministry spokesman said Holland's decision to turn down the Soviet request for a consulate in Rotterdam was linked with Dutch objections to "too large a presence of Soviet diplomats in this country."

A communique issued after the talks between Foreign Minister Van den Broek and Soviet Ambassador Beletsky yesterday said (full text):

'Soviet Ambassador Beletsky on Wednesday paid a visit to the Minister of Foreign Affairs for a tour d'horizon. The subjects discussed included the Andropov proposals for disarmament and the Warsaw Pact statement. Moreover, Soviet wishes for an establishment in Rotterdam were raised.

Starting from an urgent appeal made by the city administration and Rotterdam trade and industry, the government is willing in principle, in order to promote economic interests in and around the port of Rotterdam, to consider a request for the admission of some Soviet (managing) directors for mixed companies in Rotterdam on strict conditions which still are to be submitted to the Soviet authorities.

Observance of these conditions will be checked periodically in cooperation with the relevant companies and municipal organisations.

On the occasion of his call on the Minister of Foreign Affairs on January 12 the Ambassador of the USSR was informed of this decision by Mr Van den Broek.

At the same time he was told the wish for the establishment of a Soviet consulate in Rotterdam could not be entertained.' (end text)

The foreign ministry spokesman later said in reply to questions that by mixed Soviet-Dutch companies the ministry had in mind a kind of joint ventures, some of which are already operating in Rotterdam.

He stressed these should be purely commercial ventures.

Some 2,100 Soviet vessels called at Dutch ports last year, including 1,800 which were handled in Rotterdam's sprawling docks.

CSO: 3600/8

POLL CONFIRMS STEADY RISE IN SUPPORT FOR PROGRESSIVE PARTY

Oslo AFTENPOSTEN in Norwegian 15 Jan 83 p 3

[Article by Arild Isegg]

[Excerpts] Give Carl I. Hagen a gold star: the Progressive Party now ranks as the country's fourth largest party, following record-high results in the latest opinion poll from Norges Markedsdata. The Progressive Party took over fourth place from the Center Party, which once again showed poor results last year. Otherwise, stability is a salient feature of the political scene at the end of an eventful 1982. Norwegian voters seem to be faithful to their parties.

In the December survey, the balance between socialist and nonsocialist parties remained unchanged from the previous month. Compared to the parliamentary election in 1981, the socialist parties have gained just over 2 percent on the nonsocialist parties. The gains came exclusively as a result of the Labor Party recapturing lost ground. After a decline during the first few months after the election, the party has settled in around the 40-percent figure, the new "normal position" after the Conservative Party established its new "normal position" of about 30 percent at the beginning of the 1980's.

The Labor Party's abandonment of its former security policy has not yet led to any loss of voter support. But if anyone on the other side is hoping to profit from the security issue, they should be encouraged by the Socialist Left Party (SV). SV's role as "spearhead" against our defense and security policy has not delivered that party from the "shadow of death." It still is struggling to land on the right side of the 5-percent figure.

On the nonsocialist side, the Progressive Party has been most successful. In a 2-year period it has almost doubled its support. Its almost continuously rising curve now has reached a peak at 6 percent. Considering the distinctive nature of the Progressive Party, such a trend in the Gallup polls is not surprising during a period of widespread discontent. From a position free of responsibility, Carl I. Hagen can appeal to the voters with "fresh ideas" and "plain talk." The budget compromise last fall gave the Progressive Party an opportunity to stress that the Conservative Party was not "conservative enough." They said, for example, that the tax relief compromise placed "two millstones around taxpayers' necks."

The 5.7 percent received by the Center Party was the lowest figure ever registered by Norges Markedsdata for that party. MMI (Opinion Poll Institute), another institute, previously recorded a lower figure for the Center Party. In any case, the general impression is that the Center Party is in a period of decline that could be catastrophic if it continues to the next parliamentary elections. When the party dropped below 6 percent for the first time last year, sober party spokesmen admitted that they were concerned over the poor Gallup showing. Many party members believe that power and influence through participation in the government are needed to revive the party. They find it difficult to share the opinion of party chairman Johan J. Jakobsen--that there is no urgent need for the party to change the governmental situation.

The Christian People's Party is struggling with the problem of electing new leadership and with the government problem. Considering the extreme loyalty of Christian People's Party voters, however, the loss of voter support during the past few years must be considered a serious warning.

The Conservative Party has a remarkable ability to hold on to its voters, despite the burden of being in power during a time of economic problems and rising unemployment.

Gallup's Political Poll

	Parliament, elections Sep 1977	Local elections Sep 1979	Parl. elect, Sep 1981	1982 Sep	1982 Oct	1982 Nov	1982 Dec
	%	%	%	%	%	%	%
Red Electoral Alliance	0.6	0.8	0.7	0.5	0.7	0.7	0.7
Labor Party	42.3	36.2	37.1	39.3	40.4	39.2	39.9
Norwegian Communist Party	0.4	--	0.3	0.3	0.3	0.3	0.1
Socialist Left Party	4.2	4.4	5.0	5.2	5.2	5.6	5.1
	47.1	41.4	43.1	45.3	46.6	45.8	45.8
Progressive Party	1.9	2.5	4.5	5.7	5.7	5.9	6.0
Liberal People's Party	1.4	1.2	0.6	0.4	0.5	0.4	0.4
Conservative Party	24.8	29.7	31.8	30.2	29.3	28.8	29.3
Christian People's Party	12.4	10.1	9.3	8.5	8.6	8.6	8.5
Center Party	8.6	8.6	6.6	6.0	5.9	6.0	5.7
Liberal Party	3.2	5.3	3.9	3.5	3.2	4.2	4.1
Others	0.2	0.6	0.2	0.4	0.1	0.3	0.2
Total	100.1	99.4	100.0	100.0	100.1	100.0	100.0
Total respondents				1,099	1,131	1,213	1,141
Total number interviewed				1,298	1,322	1,487	1,388

In this poll, each party is compared to its results in the 1977 parliamentary elections. The error in the statistics is estimated at 3 percent for percentages near 50 percent, about 2 percent from 10 to 20 percent and about 1 percent error for lower figures.

The interviews were conducted from 6 December 1982 to 4 January 1983.

Oslo, 14 January 1983. NORGES MARKEDSDATA A/S

SMALL MAOIST PARTY DESCRIBED AS HAVING HUGE BUSINESS OPERATION

Oslo ARBEIDERBLADET in Norwegian 13 Jan 83 p 7

[Article by Gunnar A. Johansen]

[Text] AKP (Workers' Communist Party) is operating a business that grosses 25 million kroner. Over a period of several years, our local revolutionaries have established a slick capitalist enterprise.

The business includes about 10 different companies with the holding company Grafisk Byra at the top. The 1983 budget shows that it is no small-time business the far-left is operating.

"In principle, we are operating a capitalist business. We are forced to accommodate ourselves to the economic laws in effect here in Norway. In other words, we do not have a socialist business. On the other hand, there are clear differences between us and traditional capitalistic businesses," economist Per Selvik of Duplotrykk told OKONOMISK RAPPORT, which focused on the AKP companies in its latest issue. Selvik is the brains behind AKP's business dealings.

At the top of the pyramid is Grafisk Byra, which is a so-called holding company. Grafisk Byra conducts no business activities itself, but was established for administrative and tax purposes. Economist Per Selvik is sole manager and stockholder.

There are seven other companies under Grafisk Byra. Selvik also is sole administrator of Industrigrafikk, which is an inactive company that does no business at present, and Duplotrykk. Per Selvik is chief business manager of Duplotrykk, the main company, while Olaf Mugaas is manager. Grafisk Byra owns Duplotrykk, Oktober Forlag, and Industrigrafikk.

Duplotrykk has a clientele of about 200 companies and other customers and produces between 10 and 20 different publications. Most are advertisements and periodicals. Total investments in Duplotrykk are on the order of 10 million kroner.

The group of companies also includes the newspaper KLASSEKAMPEN which, in turn, owns stock in Markedsdistribusjon AS. The other two companies in the AKP group

are the MAI record company and the Oktober Forlag publishing house. The editor of KLASSEKAMPEN, Sigurd Allern, is sole stockholder in the newspaper, while Carl Erik Schultz is its one-man board. Grafisk Byra owns 100 percent of the stock in Oktober Forlag and 50 percent of MAI's stock. Oktober, in turn, owns just under 50 percent of the stock in MAI, while part of the stock is privately owned.

Outside the group are the bookstore Tronsmo Bokhandel in Oslo and the Oktober bookstores in Trondheim, Tromso, and Fredrikstad. AKP also has invested in a large campsite--Skili--on Dokka. It was financed by fundraising drives. Since 1975 AKP fundraisers have collected 13 million kroner.

9336

CSO: 3639/54

POSSIBILITY OF EANES CANDIDACY DISCUSSED

Lisbon DIARIO DE NOTICIAS in Portuguese 21 Jan 83 p 18

[Excerpt] Let us take as our hypothesis then the fact that Eanes will have to call elections--the hypothesis which seems to us most probable. Here the president runs a risk. First of all, he becomes likely to be held responsible for dealing the last "hatchet blow" to the AD [Democratic Alliance]. The PSD [Social Democratic Party] and the CDS [Social Democratic Center Party] will not waste the opportunity to see that he is blamed, and who knows whether or not this would lead to a last rallying effort--the instinct of political survival again--on the part of the recently disaffected partners.

If the Central Bloc Fails

Under such conditions, who could promise the president that the social democrats and the centrists would not reorganize the alliance, joining together for the election and winning a majority again? If this were to happen, as we have already written here, it would be Eanes who would have to pay the full political price for the situation.

The truth, however--the truth a week ago, it should be said--is that Antonio Capucho, nowadays the strongman of the PSD, has said, taking up the strategy of Sa Carneiro, that the PSD will participate in the elections, early or otherwise, alone. In such a case there would be no AD in the next elections, and this fact in and of itself could cause the complex of parties in the alliance to lose the parliamentary majority. A new picture would be created, and it would be on that basis that a cabinet structure would have to be devised.

In such a case, the elections would not have been held in vain. And as it is hard to see how either of the two competing parties could win an absolute majority, inevitably a negotiated solution would have to be sought. The moment would have come for the much-discussed central PSD-PS [Socialist Party] bloc.

There are many who have reasoned thus: early elections would not favor the president, because his party has not been established and thus could not participate. A possible central bloc resulting from new elections, they say, would deprive such an Eanist party of viability.

But who spoke of a central bloc first? It was Ramalho Eanes, more than 5 years ago. If this were to be the result to which the next elections lead, the president would have seen his thesis realized.

If a PSD-PS alliance proves to be the future solution, Eanes can always point to his own as the voice of reason. If the central bloc fails.... Well, let us go back to the portion of the address he delivered in Oporto in which he addressed himself directly to those in the CNARPE:

"But if you are in the 'front line' of combat today, you are also--and it is important that this be said--a reserve to which democracy can turn in search of forces if, unlike what is happening today, it is at some future time threatened."

One could not ask for greater clarity. In the form of a party or any other type of organization, the supporters of Ramalho Eanes in the 1980 elections may be called upon for more active and direct intervention in political life, "if democracy is at some future time threatened." At that time--and if it comes--Eanes will put the last piece of the puzzle which began with the resignation of Pinto Balsemao on the table.

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CSO: 3542/23

BLEAK FUTURE FORESEEN FOR PSD IN COALITION

Lisbon A TARDE in Portuguese 19 Jan 83 p 2

[Article by Vasco Pulido Valente: "The Future of the Social Democratic Party"]

[Excerpts] After losing in the early elections, as it inevitably will, the PSD [Social Democratic Party] will still have the alternative of a coalition with the PS [Socialist Party], or in other words, the so-called "central bloc." This seems a logical and sensible solution, because, in addition, many people have been concerned since the death of Sa Carneiro, and Balsemao did not know how or did not want to limit political alternatives. At first glance, this would give the PSD a partner more like itself, with which agreement could extend farther and deeper than with the CDS [Social Democratic Center Party] (which is not entirely false, but is not necessarily good). And then, the emergence of the "central bloc" would keep the PSD in the government, with its hand on the monies and posts it controls, which is not without importance to any member, cadre or leader. Finally, the mere dimensions of a PS-PSD majority, both in the country and in the Assembly of the Republic, suggests that the delights of power would never end and that both the new and the ancient ogres of the left and right-wing (Eanes, PC [Communist Party], CDS and Freitas do Amaral) would be forever condemned to outer darkness.

Understandably, similar expectations arouse the spirit of sacrifice and patriotism in the officials of the PSD, already known and valued by the nation. There are, however, certain minor consequences ensuing from a PS-PSD coalition which should be mentioned, by way of an inventory.

At the outset, the PSD would emerge as the weaker member of the alliance. With less weight and without a predictable future, it would have no choice but to subordinate itself to the PS, to accept its policy, its methods and its language. Now the identity of the PSD would not survive this merger. What is meant by "social democracy" is neither theoretically nor practically different from "democratic socialism." With one basic difference, the "social democracy" of the socialist parties is a solid program body with respectable traditions. The "social democracy" of the PSD comes down to a domestic invention without structure or definition. Apart from this, something which should not be underestimated (above all if we take into account the emptiness of the heads directing the PSD at the present time), is the fact that the PS is a part of an international organization which will exert

a predictable attractive effect. If the "central bloc" government satisfies the members of the PSD, anonymous or otherwise, they will have to incorporate themselves in the PS as their natural place. The survival of the PSD as an autonomous body will then cease to have justification, and irresistible trends toward institutional unity will certainly develop.

Two accidental circumstances will aggravate these trends. To begin with, if the "central bloc" does not collapse before the winter of 1985, Mario Soares will inevitably be elected to the presidency of the republic. If it controls the presidency, the cabinet and the majority, in a word if it unifies power, the PS will have the PSD at its beck and call.

Secondly, the PSD will join the coalition without an effective leader with national prestige. In the AD, the CDS had Diogo Freitas do Amaral. In the "central bloc," the PSD will have no one. Or worse, it will have a dozen leaders vying for influence, with their disputes being arbitrated by Dr Mario Soares or Dr Almeida Santos, who have the real power. Following the humiliating fall of the AD and an electoral defeat, no PSD president (Balsemao or any last-minute substitute) will be able to command any obedience within the party or outside it. The PS will have little real difficulty in profiting from the situation, if it can itself maintain some cohesion and discipline. It will or will not swallow up the PSD, depending on which it thinks best serves its interests.

If none of these things happen, which, for the sake of argument, we may as well contemplate, coalition with the PS will even so prove equally harmful to the PSD. There is one detail which has doubtless not occurred to its eminent strategists: where will the PSD find the voters to pursue the "central bloc" experiment? In the unthinkable event that it is a question of a worthy experiment for which the fatherland would be grateful, the PSD would not win a single vote from its partner and sponsor, nor would it win a single vote from the right wing, because the limited discontent the coalition would cause in the right-wing sector would be expressed in support of the CDS. If, on the contrary, the "central bloc" were to sink, as is probable, accompanied by the universal contempt which is focused today on the dying AD, the PSD, as coauthor of the catastrophe, would not gain an inch on the left, and it would be submerged by the right. Both society and the PS, therefore, would condemn it to a minority role and political destruction.

According to reports, there are some enthusiasts now seeking to convert the PSD into a minuscule "hinge party" in ill-intentioned plans which Dr. Francisco Balsemao says he opposes. We believe it. We believe it, but we ask ourselves: how? The "central bloc" is becoming precisely this, and we have not heard anyone reject it (we have, however, heard a number of persons expressly or tacitly urge it). Through the miraculous resurrection of the AD, under Vitor Crespo? Who would believe in this?

Neither one way, nor the other. Dr Francisco Balsemao and his peers believe that the anonymous member or voter will continue to be faithful to them, beyond their errors, compromises, lack of goals and political will. In their view, it is as if God had promised the PSD eternal life.

DIFFICULTIES PRIOR TO, AFTER ELECTIONS FORESEEN

Lisbon O DIABO in Portuguese 18 Jan 83 p 2

[Editorial by Jose Miguel Judice: "Scenarios for Tragedy"]

[Excerpts] Legislative elections will be held shortly. The country will then wait about 5 months before it begins to be governed, well or badly, by whomever. And very probably, it will not even be governed at that point, because the Assembly will not have any majority. In fact, everything suggests that in early elections, the CDS [Social Democratic Center Party] will see a very slight decline (with Freitas do Amaral some months ago, it would have won 20 percent, but without him it will lose up to its natural limit, but no more than that), with about 13 to 15 percent, the PSD [Social Democratic Party] will account for 17 to 20 percent, the PS [Socialist Party] 33 to 35 percent, the APU [United People Alliance] approximately 20 percent, with abstentions up somewhat.

And all of this will follow weeks of furious mutual attack, with horrifying economic indices, and with available political personnel of an even lower quality than at present. Early elections may save Pinto Balsemao, and that says it all.

The inclination toward a PS/PSD government will be too strong among the petty barons who will survive and the circles of those who want to continue to dine at the future budget table. Mario Soares will obviously reject self-immolation in a precarious alliance with the worst elements in the PSD, will demand a more solid majority, and will prefer--if he cannot get it--to delegate the governing of the country to another, such that it would be done on a day-to-day basis, with mutual recriminations, with everything being put off and everything deteriorating. Unless, again using the Council of State as a basis, Ramalho Eanes forms a cabinet with all of those who, in the various parties, would be prepared to sacrifice, in the name of the general interest, obviously, following the star of Belem. But then the others would remain within the parties, a confused mixture of logical individuals, disgruntled because they were not called upon, or because they were called but not chosen, and the handful of the timid souls who are never lacking. And then, at our expense, the president of the republic will learn how difficult it is to govern.

Or unless the results are more favorable than expected for the CDS and the PSD, and then Mario Soares will not even bear the responsibility of governing,

although this does not mean that the CDS and the PSD--which will launch deplorable attacks upon each other like quarreling spouses--will be capable of managing anything at all together.

Whatever happens in the end, one thing is certain. We are embarking upon a terrible, truly tragic, year, in which more or less organized campaigns of civil disobedience, attacks upon business establishments, failures to make payments between sizeable businesses, large-scale wage delays, and financial bankruptcy with foreign partners cannot be excluded. And not even the fact that we are embarking upon a year in which the price of gold will increase substantially will save us. At best, it will postpone the inevitable for some months more.

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CSO: 3542/23

PSD'S HELENA ROSETA: PROFILE, PERSONALITY

Lisbon EXPRESSO in Portuguese 24 Dec 82 pp 16R-19R

/Interview with Helena Roseta, a PSD leader who recently won a municipal election in Cascais, by Maria Joao Avillez; date and place not specified/

/Excerpts/ "Capable of the best and the worse," Vasco Pulido Valente recently wrote about her.

That's obvious. Helena Roseta has all the handicaps of her personal characteristics. She is disquiet and disquieting, unpredictable, intense, excessive, emotional. If she were not a good administrator, sometimes all this could turn out for the worst.

But with all this she achieves a remarkable thing. She surprises you. She is innovative.

Who in the present political situation can boast of that?

Her last surprise was winning the Cascais municipal council election, an exceptionally big victory for the social democrats. Paradoxically, however, this victory was not appreciated or even mentioned--much less praised--during the last National Council of the PSD /Social Democratic Party/ held last weekend.

She smiles now, shrugs her shoulders, adjusts the beret on her head, extends a leg clad in dark green bermudas and gets ready to talk with us.

EXPRESSO: Was Francisco Balsemao's resignation a surprise to you?

HELENA ROSETA: Balsemao resigned from the government for political reasons which I don't know. The explanation that he was "tired" is too brief.

"Danger is My Business"

EXP.: You made a very risky gamble to become a candidate in the Cascais municipal council election. You could have lost and that would not just have been a question of a setback in an autonomous election. You won. Was that a personal victory, a party victory, or a victory of a new type?

H. R.: The word "risk" recalled for me a television series of many years ago which was called "Danger is My Business." I adored that series. I believe that in politics risk is essential because things are never completely defined beforehand. Half is conviction and half is risk. But on the point about me taking risks, sometimes it turns out well and sometimes badly. That was what happened in Cascais--a very rewarding victory for everyone who took part in the campaign. For myself, it especially was a victory for a certain style of campaign, one which is very tolerant and very innovative. Two things which people have not seen in Portuguese politics for a long time.

EXP.: But you said "we won" rather than "I won." Out of modesty...?

H. R.: No, no, just to accept reality. Because by myself I was no one. I served only to polarize a lot of people. Some were on the outside; others had not gone along with the party for I don't know how many years; others were angry with each other; some were backers of Balsemao; others were not. There was large-scale confusion. And we succeeded, beginning with a small group initially, to polarize these people into a campaign group to win. It was not the work of an individual.

EXP.: But in spite of everything, victory! It was your victory. Yours. Personally, The PSD was only the fourth force in Cascais before the AD /Democratic Alliance/ came on the scene...!

H. R.: Agreed. A person's face and a person's head count in all this. But I am also aware that one person by herself alone does very little. And because of that I am in the party. Otherwise it would be very much simpler for everyone to be totally independent and for each person to do as he likes. At times belonging to a party is a limitation. On the other hand, it provides us with a force, a militant solidarity which in an electoral campaign is decisive. To win elections we cannot stay by ourselves.

To Break Down and To Build Up

EXP.: You know that it is said of Helena Roseta that she is a bit emotional, that she takes on and casts off duties.... And it is a fact that persons sometimes do not listen to the /underlying/ reasons and concentrate on the overt acts....

H. R.: A proof of my capability for concrete achievement can be demonstrated in reference to the team at Cascais. Regarding the people who say that I take on and cast off, strictly speaking that is true. I believe in the lives of each one of us there are times to break down and times to build up. However, there were breaks which I made, in political terms, last year which were basically in order to take clear positions and to show a certain coherence. And the time then came to give my proofs. I was very much aware of that.

"Women are Much More Practical than Men"

EXP.: You bargain, lose, win. You act with conviction, force. Many times you surprise us. To which characteristics of your personality, of your character, of your way of living do you attribute all this?

H. R.: I believe that it is because I am a woman.

Because the way we engage in politics is very much more pragmatic than the habitual and traditional way which men pursue. When I am at a meeting, the results interest me; I am pragmatic. When I bargain, I am interested in the way to get to the end result, not in the arguments which occur along the way because these are going to be forgotten. What interests me is the result. And, in this particular, I believe that women are much more pragmatic and practical. In meetings where men are exclusively the participants, fancy constantly enters in.

"I Don't Know What Charisma Is"

EXP.: But, besides pragmatism, you have other characteristics. Simply put, I was preferring not to name them myself; I would prefer that you name them. Is it charisma? That mysterious thing which neither is defined nor...

H. R.: I don't know. I don't know what charisma is. What I do know is that I believe in the things which I am going to do and people are sensitive to the convictions of other people, isn't that so? I am sensitive to the conviction of someone who is talking with me and am capable of changing my ideas if that person shows that he knows better than I.

Tolerance

EXP.: So, two things: pragmatism and conviction. Any more?

H. R.: And then a certain... However strange it may seem, a certain tolerance in the discussion. We always have to start from the principle that no one has all the truth. That is basic in whatever discussion. And in life.

EXP.: It's strange that in speaking to me today you have more than once used the word "tolerance."

H. R.: It's among the things which I believe are most lacking in Portugal. You do not have democracy without tolerance. And people have antidemocratic quirks without being aware of it. Because one thing is to clarify. Another is for people to admit that other people are right. To admit it even if it means defeat.

An Interval

EXP.: But now you are at an interval at the party level, or is that not the case?

H. R.: I am. At an interval.

EXP.: Between what and what?

H. R.: At an interval in the life of my party. Because I've been put on the fringe of all the party organizations, removed from all duties and practically

put out of work. Therefore, what is it that I must do? I have two choices: either to go to Paris and write articles from there for the newspapers here or else busy myself with a useful task. It appeared that the latter course was intended for me; I welcomed it.

From the MES /Movement of the Socialist Left/ to the PSD

EXP.: Prior to 25 April, you were very closely connected to the left, to a certain part of the left, in certain aspects even a bit radical. So....?

H. R.: Yes, yes, the regime obliged us to have a radical program.

EXP.: Obviously the regime caused this. But in what way do you consider that you, since 25 April, have made a leap, or at least a turn, away from those more radical movements and frankly from the left in order to...

H. R.: What I found out about some of those movements of the left after 25 April, particularly about the MES with which I was mostly connected, is that they were movements a bit too theoretical. Prior to 25 April they were superior in opposition, but when it came to the time for building something they were only theoretical. And many of them were not aware of the real situation in Portugal, as I took the opportunity to find out. The choice I made for the PSD was already made at the end of '74 after having followed the activities of the PSD for several months. I found out that the PPD /Popular Democratic Party/, as the PSD was then called, had a very tolerant, open and pragmatic style--and especially a style which was very well received everywhere we went.

EXP.: But before the PSD you were looking around, observed other parties?

H. R.: I was still studying the Socialist Party in the beginning, but it was a bit disorganized. Besides, it was before the split by Manuel Serra, so there were a number of different factions. But, basically, it was because I found two basic things in the PSD: the problem of justice and the necessity for tolerance.

Reading, swimming, piano...

EXP.: Do you succeed in keeping a reserved area, a secret garden? Do you have something which is exclusively yours alone in the middle of this merry-go-round which is our national political life?

H. R.: The problem is to have a little bit of time. But when that works out, then I do. Yes, yes...

EXP.: What do you do then?

H. R.: I have my reading, my walks, my brief hours of swimming, my piano exercises. This is my own. Swimming is at lunch time. Running around, always to be on the run; it's very good for a person to be able to get away

from it sometimes. And it's very much simpler to swim for a half-hour rather than taking pills to stay calm. Besides, reading is essential. I read a lot and especially in spurts. And when I can I close myself off in the parlor and play the piano. By ear. I don't know a note. And my daughters' cat, seated on top of the piano, does not miss one of these sessions.

"My Daughters are Too Young to be Contaminated"

EXP.: What relationship do you have with your three daughters? How did they regard your victory, for example?

H. R.: Ah, very enthusiastically. It thrilled them enormously. That is one of the areas in which I take a lot of care: to try to shelter them from the political world. I believe they are too young to be contaminated.

EXP.: How old are they?

H. R.: The oldest is 13, another 12 and the youngest 9. They are already beginning to follow events, on television and all that.

The time we live together in the family is family time, and when we are away from home that is the outside, of course. Since we don't see much of each other, we leave notes on the night table. At night they leave notes for me, and in the morning they pick up my notes.

EXP.: Politics, another life. How do you see the development of your party? Some say that the future of the PSD irreversibly will be to dissolve or to divide with some going to the CDS /Social Democratic Center Party/ and others to the PS /Socialist Party/. Is there a place for the PSD?

H. R.: That is the question which has been asked since 1974! Since the first day when Sa Carneiro came forth to say that he was going to create a party in this area, everybody has been saying that there is no place for it. A place for the PSD will exist if the people in the PSD believe that there is one.

EXP.: And is there?

H. R.: I believe so. Besides, just now in Cascais I proved that there are in Portugal a large mass of people who are social democrats. Even those persons who do not clearly recognize that they are social democrats really are so instinctively. Therefore, they are in this area and should be politically included in it. That is good for the country.... For another thing, if the party already exists, if it already has been established, then it is much simpler to try to prevent its ruin rather than to try to create something else to take its place. Besides that, everyone wanting to form new parties says they are going to be in the area between the PS and the PSD. This means that there is going to be even less space for the PSD, and the space between the PS and the PSD will then be much less....

EXP.: How do you explain a certain increase, a certain preponderance of the CDS in the leadership of affairs, of the government...

H. R.: Because the CDS has a much greater talent for governing than the PSD; the CDS is a machine-type party and not a party of militants. The PSD is a party whose talent is that of opposition and it performs very badly when in power.

EXP.: But isn't it very limiting to say of a party that it has little aptitude for governmental tasks?

H. R.: It has little aptitude because it was formed as a party of opposition. And that really is its most leftist characteristic. The big problem for the PSD is that it has to explain its program publicly and demonstrate its capability to perform well while in power without falling prey to bureaucratic stagnancy or apathy. We are completing a cycle of 8 years of Portuguese democracy, and an inventory of performance has to be made now. The PSD has to rejuvenate itself.

A Certain Isolation

EXP.: Do you feel that you are alone, in politics?

H. R.: Many times when they ask me what I think about this or that, I have no basis for stating that I am speaking on behalf of anyone else. Because I don't know what other people are thinking. In that sense then, I do really feel myself a bit isolated. Not alone, but isolated.

EXP.: But I was giving the question a broader meaning. Now looking back, do you visualize the course you have taken and your ideas as framed into a certain pattern of isolation?

H. R.: Not at all. I've already had great periods of isolation, but they are essential. They give a lot of strength. I gained more confidence in myself.

"President of the PSD? Not in the Least!"

EXP.: Do you have big political ambitions? For instance, would you like to become president of the PSD?

H. R.: It's very easy for me to accept leadership positions at intermediate levels and very difficult to accept leadership positions at national levels. President of the PSD? Not in the least?

EXP.: But some time or other you already have been invited to become a minister?

H. R.: True, I already have been in the past. I always declined. But that was not because it was a position of leadership. I refused because I believed that I did not have the status and sufficient experience for those governmental offices. I was invited by Sa Carneiro and was invited by Pinto Balsemao to

be secretary of state. The invitations which I had during the time of Balsemao were not in my line. They were for Social Communication or I don't know what else. That I didn't consider. Sa Carneiro offered me Housing. I refused that definitely because I did not regard myself mature enough for that task. And I told him so.

Happiness and Harmony

EXP.: What do you lack yet to become an accomplished woman? I am putting the question to you in this way because if I were to ask you whether you are an accomplished woman, you would then tell me that you are not....

H. R.: I now have nothing to prove to myself. I don't feel frustrated nor have the need to prove big things for my own sake. What I feel now is that I am still new and that I have a lot of experience still to acquire....

EXP.: Are you a happy woman?

H. R.: I always remember Marguerite Yourcenar when I think about happiness.... Happiness is not a state. There are moments of great harmony between what is on the outside and what is within. Whether or not this harmony is happiness, I believe that it is. Obviously if I say that in my position I have done things which have gone well for me, that I have a privileged status, that I have a family, that I do not have economic problems, etc., I would then have to say, in materialistic terms, that I am a happy woman. If I am not happy, then who is? Nevertheless, harmony between what is inside us and what we express outside does not always exist. Sometimes because we are always dissatisfied. Could that be it?

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CSO: 3542/11

PSOE EFFORTS TO 'CATALANIZE' VALENCIA REGION

Madrid EL ALCAZAR in Spanish 13 Jan 83 p 11

[Article by Tomas Barbulo: "Catalan Aggression Against Valencia"]

[Text] The socialist government of the autonomous Valencia community has planned a series of actions aimed at Catalanizing the region. The Council of Culture, Education and Science is playing a vital role in this strategy. It has begun to further the teaching of the Catalan language in the schools, in an attempt to unite what they call the "Catalan Countries" (Catalonia, Valencia and the Balearics) by means of this "umbilical cord", with a view to forming what is known as a "Europe of regions." This attack on the historic roots of the old kingdom (which is being done by shunting aside its most traditional institutions such as Lo Rat Penat, the Grup d'Accio Valencianista and La Academia de Cultura) has aroused the indignation of all social sectors of the community, who are denouncing the damage being done to its autonomy, and are demanding to exercise their own individual characteristics within the framework of national unity.

The theory of the Catalan Countries is the first example in Spain of a move toward the Europe of regions, an obscure international movement which is hoping to achieve the regionalization of the western part of the continent. If it should succeed, it would mean a weakening of current resistance to Soviet designs on the area, which has repeatedly made experts suspect the hand and the interest of a certain Eastern power in the matter. Given this background, Valencians are watching with obvious concern the actions of certain current PSOE [Spanish Socialist Workers Party] ministers like Ernesto Lluch and Jose Maria Maravall: the mysterious trips of a certain counselor of the Catalan Generalidad to Valencia--about which the obligatory official report was never given--; the actions and even the public speeches of the Catalan chief executive, Jorge Pujol; the activities carried on in the recent past by the Banca Catalana, a group which supported the newspaper AVUI to the very end--nothing more need be said about its intentions after a glance at its weather report section which always referred to the "Catalan countries"; the activities of "Omnium Cultural," a strange association financed by the Catalan government...

Teachers Dropped

The latest attempt by the socialists to Catalanize the autonomous community of Valencia was sparked when 8 out of the 100 teachers hired last October to

teach the language of the region shut themselves up in the offices of the Council of Culture, Education and Science of the Generalidad of the city of Turia. They had been hired by the province's Office of Education and Science, whose department of personnel did not get around to signing the contracts because of the approach of the elections. After meeting with the head of that ministry, Cipriano Ciscar, and with the head of the Interior Ministry, Felipe Guardiola, they were ejected by the police, who also broke up a demonstration of more than 100 persons who sympathized with the people who had been inside. The teachers, who had been hired on the recommendation of the former counselor of education, the independent Amparo Cabanes, are all university graduates and possess diplomas from the Institute of Educational Sciences (ICE), from the Grup d'Accio Valencianista (GAV), from Lo Rat Penat and from the Academy of Valencian Culture. After the restaffing of the council because of the elections (a remodelling which many political groups do not think was done as legally as could be wished) the new counselor of culture, Cipriano Ciscar, took an action which some call "manipulation", totally rejecting the people selected, and demanding a diploma from the ICE--a real hotbed of Catalanism--as an indispensable requisite for teaching. Some individuals have already set in motion a series of appeals on their own, through administrative channels, but they believe that in any case the council is not a legislative body, but an executive one. Also both Popular Alliance and the Union Valenciana have taken the side of the dismissed teachers.

Social Reaction

The provincial president of AP [Popular Alliance] Mr Garcia Fuster, says "In this case Amparo Cabanes acted in accordance with the 1979 decree on bilingualism, and used the criteria of the University, of GAV, of Lo Rat Penat and of the Academy of Valencian Culture in selecting the teachers. But with the PSOE this formula was cast into oblivion. The socialists passed a new decree on 3 December 1982 to teach "Valencian," but a different Valencian: Catalan. This can be classed as an insult, and is stirring up a feeling of condemnation, because they are seeking to make Valencia an integral part of the "Catalan Countries." The new Valencian which they are setting up is based on the standards of 1932, and is what is called "normalized Valencian," or pure and simple Catalan. Naturally, there has been a strong reaction among the people, and a split is taking place between the real Valencian and the official one. The Alliance members have already given notice that they will ask the government "to give an adequate explanation about everything related to this great outrage, and to suspend the above-mentioned decree and its consequences.

Miguel Ramon Izquierdo, secretary general of the Union Valenciana, sees obvious political overtones in the topic: we are returning to the Europe of regions and to the Catalan Countries--the first exception to the Europe of nations. "In Valencia we are up to our ears in this. The attempt to join us to Catalonia by the umbilical cord of language is a way to seek to incorporate us into the 'Catalan Countries.' What they want to teach is not Valencian, not even Catalan, but pure and simple Barcelonian. The ICE [Institute of Educational Sciences] to which the socialists have given the exclusive right to teach our language (note that Valencian is a language, according to the

statute) is completely dominated by Catalanism, because for 15 to 20 years various teachers have been cultivating that trend there. It is inconceivable that they are shunting aside institutions like Lo Rat Penat, which has been concerned with the subject for more than 100 years, and has been keeping the sacred flame of Valencianism burning."

As for the affected teachers, they say that they are not protesting against a university in which they have taken their courses, "but we are coming out against a part of the university which does not recognize the existence of the Valencian language, and which cannot have any jurisdiction in this matter as long as it does not create a professorship in it." They state that after the conversation which they had with the counselor of education, "we understand that there is an agreement between ICE, Cultural Action and the PSOE to only recognize the certificates granted by the first of these bodies." During the meeting mentioned, Cipriano Ciscar stated that none of the textbooks which would be assigned to the schools would contain non-Valencian forms: the teachers think that this is "one of many manipulations to try to introduce Catalan into the schools, since there is a visible contradiction between the hiring of teachers on the basis of the ICE standards (Catalan standards) because the same teachers are teaching Valencian when they are trained to teach Catalan." In view of these problems, the counselor declared his ignorance about the purity of the Catalan that they teach in the ICE.

It was of no use. The PSOE, which controls the Generalidad, is not giving explanations, since the regional legislative assembly was formed on the basis of the 1979 electoral results. The UCD [Democratic Center Union], officially the opposition to the government, hardly exists in the area; its men have already gone off to other parties, to their private careers, or lack the moral force necessary to act accordingly. As for the AP, which obtained five deputies and a senator in the area, it is an extraparlimentary party, without any legal possibility of action.

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CSO: 3548/92

REGIONAL PARLIAMENTS SEEKING LEGISLATIVE IDENTITIES

Madrid EL PAIS in Spanish 29 Jan 83 p 14

[Article by special correspondent Javier Angulo: "The Regional Parliaments Are Attempting to Achieve Their Legislative Power"]

[Text] Cartagena--The president of the Basque Parliament, Juan Jose Pujana, cited the need for considering the autonomous legislative assemblies as part of a single state legislative authority, and hence one with authentic legislative power, during the course of the First National Convocation of Regional Parliaments, which closed yesterday in Cartagena in the presence of the state secretary for the autonomous entities, Maria Izquierdo, and the president of the Senate, Jose Federico de Carvajal.

In the addresses which they delivered during the two days of sessions, the presidents of the Catalanian and Basque Parliaments had expressed an interest in specifying the very nature of the autonomous legislative chamber. Juan Jose Pujana had brought up the matter at the first session, and revived it again yesterday. According to the president of the Basque Parliament, the consolidation of the popular view that the autonomous legislative chambers are second-rate parliaments should be avoided.

In this regard, he expressed his opinion to the effect that the autonomous parliaments should be considered part of a single state legislative authority, and should be recognized as having authentic legislative power (on an equal footing with the General Cortes) insofar as the scope of their exclusive jurisdiction is concerned, and insofar as the development is incumbent on the autonomous communities, with the state retaining the basic legislation.

According to Juan Jose Pujana, this proposal represents a commitment to administrative and political decentralization, and that of sovereignty, which must be the foundation for the principle of self-government, a fundamental foundation for the state of autonomies.

The Expedient of Letters Rogatory

With respect to the nature of the autonomous parliaments, Pujana also cited the need for their members to have rights identical to those recognized for the members of the General Cortes, insofar as the prerogatives of immunity and inviolability

are concerned. For this reason, he called for the existence of the expedient of letters rogatory [request to Parliament for permission to initiate judicial proceedings against one of its members], as a protection of the right of inviolability of the members of the autonomous parliaments, on an equal footing with deputies and senators. The compulsory nature of the granting of letters rogatory on the part of the autonomous chamber, so that one of its members may be tried for a crime, is not specified in either the Constitution or the statutes. The deputies of the autonomous parliaments may be tried by the superior court of justice of the autonomous community (not yet set up in Catalonia or Euskadi), or by the Supreme Court.

Juan Jose Pujana recalled that, 2 and a half years ago, the Basque Parliament had passed a law establishing the expedient of letters rogatory for its deputies; a law which, based on the chamber's capacity for legislative initiative, was sent to the General Cortes for handling. The law was appealed by the government in the Constitutional Court, which decided on its unconstitutionality. Pujana pointed out that the law has remained neglected in Parliament for this reason, whereas its normal handling should have followed.

Pujana's statement was seconded by the senior official of the Catalanian Parliament, Ismael E. Pitarch, who, in obvious agreement with the president, Heribert Barrera, who was moderating the debate at that time, noted that the autonomous parliaments are constitutional organs of the state, with their own political authority for passing laws. He also supported the right of the members of the autonomous parliaments not to be tried without letters rogatory from their chamber; and, in this connection, he remarked that this could take place without need for reforming the Constitution, through a mere law of the General Cortes.

These views were shared tacitly by the representatives of the Galician and Navarran parliaments, whereas they were not the object of special attention or debate on the part of those belonging to the other legislative assemblies of the remaining autonomous communities in attendance.

2909

CSO: 3548/135

GENERALITAT DE CATALUNA LEADER PUJOL PROFILED

Madrid EL PAIS in Spanish 31 Jan 83 pp 16, 17

[Article by J.L. Martinez Ibanez: "The Magnification of Petty Politics"]

[Text] Jordi Pujol took over the presidency of the Generalitat de Catalunya on 8 May 1980. Tomorrow, 1 February, he will have completed his first 1,000 days of governing the institution. When he had been in office for a year, in an interview held under the protection of "off the record" terms, he admitted: "I have always thought that I could govern between 8 months and 8 years." The first president of the modern Generalitat noted that, if he could initially surmount the difficulties stemming from his unstable majority minority (43 of the 135 deputies in Parliament), the government work itself would give him sufficient inertia for winning, as a minimum, in the 1984 autonomous elections. Now, after the turmoil of 1,000 days of government and the crisis (without public officials in charge) in the Catalanian Bank, making a political analysis of his activity forces us to recall that secret conviction; because it seems obvious that it has had a substantial influence upon his work and, by extension, upon the development of the Statute of Catalonia.

Jordi Pujol has not had it easy. The great challenge of endowing Catalonia with a government infrastructure, and of filling the autonomy with an essence based on the Statute and the Constitution, was of itself an extra difficulty, compared with what his successors will have, at whatever time it may be. This fact has increased the first president's responsibility, and at the outset, demanded a political practice that was qualitatively better, more rational and less improvised, with a greater assertion of ideological position, with less partisanship than the one developed.

The Manner of Governing

One of the criticisms now being made of the Catalanian president, by way of a "leitmotiv" of the opposition, and even of some of his allies, is that of putting subjective interests, including those of his own preservation, before those which objectively constitute the national reconstruction of Catalonia. On 8 May 1980, the day when he took office, Pujol put forth a program including some noteworthy, concrete features: for example, the announcement of six laws to be processed through a summary procedure. He did so in language which reflected that both his particular manner of viewing nationalism and the fulfillment of the petty daily tasks would be the two key implements of his term. Subsequently, Pujol actually abandoned the concept of nationalism as a supra-ideological element, when faced with the increasing need for maintaining a parliamentary stability which came into being, precariously, on that day in May.

One correct aspect of that address was the realism with which he stated that things were not progressing well. In the nearly 3 years that have followed, that remark has been a constant, albeit accompanied by a perpetual song of hope. At the time, Pujol commented: "By doing things conscientiously, we shall manage to surmount the crisis." This was to some extent a variation from his "anem per feina!" ("let's get to work!"), the slogan coined for his election campaign. It must be admitted that Pujol, who is called "the human locomotive" by his comrades in Convergence, because of his capacity for work, has reeled off a countless number of small jobs. In recent statements, he expressed the view that this activity was his main satisfaction. His insistence upon calling attention to the improvement in minor everyday matters has, nevertheless, been considered by many to be an obvious reflection of a lack of lofty goals and a dearth of creativity.

The Institutionalization

From the beginning, the head of the Generalitat based his government action on three focal points: the institutionalization, the Catalanization, and the measures for economic revitalization. It is in the first area that Jordi Pujol has accrued the best results, although with notable gaps. At his already mentioned swearing in, he put forth a legislative program with 32 general laws and six fundamental ones. Of the former group, only seven have been approved by Parliament; and of the fundamental ones, four. Some of these vacuums (such as the Law on Public Office, the Law on Territorial Organization and the Electoral Law) are interfering with key aspects of Catalanian autonomy.

When accused of his meager legislative initiative, Pujol has used several arguments in retort, which are valid, although subject to distinction. In brief, he has expressed regret that it was impossible to legislate in some areas, supporting this with the implementation of the Organic Law on Harmonization of the Autonomous Process (LOAPA), the lack of framework for state laws (such as that on bases of the local regime), and a necessary circumspection when it is time to legislate, so that the Catalanian parliamentary initiatives will not be denounced and curtailed by the Constitutional Court. These arguments can be rebutted by pointing out that, in certain laws, such as the one on territorial organization, it would have been possible to begin issuing regulations using as a reference the Law on Bases of the Local Regime of the Franco era, adapted partially by the Constitution. Pujol's conservative position in this area, awaiting the definitive state policy-setting, has even brought about criticism from some leaders of his own party. Actually, Pujol is a governor who views with displeasure strict parliamentary control over his governmental action; and in this connection his non-compliance with certain rulings imposed on him by Parliament, for example, the requirement of submitting a law that would replace the agrarian chambers with professional agrarian entities, is well known.

One of the first mistakes for which the Pujol government may be blamed to a large extent in the legislative area was the Law on Transfers of Deputyships, which the Constitutional Court (virtually in its entirety) declared contrary to the Constitution. That plan to make the four Catalanian deputyships devoid of content, which Pujol agreed to with the opposition, after abandoning the expedient of presidential decrees, turned out to be a fiasco, owing to lack of legal perspicacity, and represented the starting point for a series of confrontations with the

central government. Moreover, it had negative effects on the Catalanian institution, both in its image in Madrid and from the real impossibility of absorbing the provincial agencies.

The Policy of Transfers

After these 1,000 days have elapsed, the president is still striving to make the Generalitat wield an increasing influence on the Catalanian situation, by means of its action in concrete matters. In order to be able to implement this policy, Pujol considered it vital to shorten the periods of time for the transfers of the state services; for which he had the inestimable (albeit brief) cooperation of Adolfo Suarez. On that level, the results were spectacular: from the 2 billion held by the preautonomous Generalitat, there has been a move to a budget of 246 billion for 1982; and a rise from 1,500 civil servants to the 60,000 existing at present.

The first substantial transfers came at the end of 1980, with the educational services and their nearly 30,000 teachers. A year later, the management of the health and social security services became the lion's share of the total funds available to the Generalitat; but it was about 110 billion which Pujol alone administers, and which, when incorporated into the regular budgets, has artificially swelled the size of the autonomous funds. In both areas, Pujol has achieved better planning than the central administration has: The beginning of the school year has ceased to be chaotic in Catalonia, and the Conselleria of Health made in advance the administrative reform that the Socialists are now starting to carry out in the health area. In the realm of tourism, to cite another constructive accomplishment, better results have been attained during this period with respect to percentages than elsewhere in Spain.

Some of the criticism made of Pujol during these 1,000 days, because of his method of directing the transfers, has disappeared with the passage of time. Some of it persists, such as the charge that it is irrational to accumulate transfers if the negotiation of their assessment is not speeded up. For reasons of general policy (Calvo Sotelo's misgivings, and the major stoppage associated with the calling of elections), the assessments must now be discussed with a government of Socialists, when it was PSOE [Spanish Socialist Workers Party], precisely, which was the greatest critic of the procedure for negotiations between the Generalitat and the UCD [Democratic Center Union] government, and its experts are of the opinion that there has been an over-assessment of 21 billion. The Socialist criticism is now being compounded by that of certain "Convergents," over the poor planning that has led to the current situation.

The opposition stresses that Pujol has not managed to make a clearcut distinction between the interests of the Generalitat relating to the transfers of services and the other interests of the institution, and his state policy. In this connection, it notes that the requirements of the Generalitat have been put in the same category as the partisan and ideological objectives of Convergence; something that is very negative for the objective interests of Catalonia.

The 'Marketing' of Votes

This interconnection among Pujol's different policies, resulting from the accumulation of the post of president of the Generalitat and that of secretary general of

CDC [Democratic Convergence of Catalonia], has been implemented in the twofold area of Generalitat/UCD government and Generalitat/Convergence. This met with approval in Madrid during Suarez' time, and with resistance during the term of his successor, Leopoldo Calvo Sotelo. The "marketing" of votes with UCD, as the strategy of Pujol's Spanish "backer," Miquel Roca Junyent, was called, consisting of an understanding based on a trade-off, became a kind of panacea for solving all problems. One of its first results was the heightening of CDC's right-wing tendency in Spanish politics: Month after month, in all the key votes for Adolfo Suarez or Calvo Sotelo, there was clearcut support from the deputies of the Catalanian Minority for the UCD planks, whether toward the law on the Statute of Educational Centers, the Law on Conflict of Interest, entry into NATO, the motion to censure Carlos Robles Piquer, the General State Budgets or the investiture of both presidents.

With respect to the party, Pujol has always opposed the notion of abandoning the secretary general's position, and assuming a stance in a more institutional area. The result has been a total superimposition of his two public images: the impression that he is a president totally associated with the policy of a single party, that he always comes out in the defense of "Convergent" private interests and that, therefore, he does not act as president of all Catalonians. This has become worse as a result of the electoralism that has been embedded in Catalanian political activity since the 1977 elections.

Skill in Parliament

The ease of movement with which Jordi Pujol has been able to govern in monocolor, having only 31 percent of the deputies of the Catalanian chamber at his disposal, is noteworthy. For example, it is something which has amazed his predecessor, Josep Tarradellas, whose differences with the current president have increased with the passage of these 3 years, until he has become Pujol's most qualified critic.

Tarradellas is surprised that the extent of conditions imposed on the minority autonomous government is virtually nil. With a third of the chamber, Pujol would, theoretically, have had to yield constantly to his Centrist allies and those of the Republican Left. This fact also attests eloquently to the deficiency in the Socialists' activity.

The skill, his role as the only leader capable of confronting PSC [Socialist Party of Catalonia], the good understanding with the state UCD "making a bridge" to the Catalanian Centrists and the ad infinitum attraction of Heribert Barrera to his plans are some factors which explain Pujol's "absolutism" as a governor. However, it must not be forgotten that the opposition has fulfilled the moral obligation of being meticulously constructive, so as not to hamper the progress of the statute, and that this has broadened his margins for action remarkably. Nevertheless, 15 months from the new elections, his present majority, in addition to being unstable, is precarious, and in the view of many does not represent the sociological reality of Catalonia.

The Policy of 'Being a Victim'

Pujol took off with an impetus in May 1980. Until January-February of the following year he had a demoralized opposition, subordinate allies and a promising task. The first turning point came with the resignation of Suarez and 23-F. Then, he lost his best ally, and there began the onslaughts of the campaign of fear on the part of

those who were attempting to observe in the autonomies the scapegoat for the instability of democracy. Once again, allies and opposition helped Pujol, committing themselves to strengthening the identity between autonomy and democracy.

Later, although the Calvo Sotelo government was simultaneously suspicious and hesitant concerning Pujol, the votes of the Catalanian Minority continued to be decisive and were used to aid UCD during the period when the latter imposed misrule and deception upon all of Spain. Pujol lacked the imagination to demand of Calvo Sotelo, in exchange for unconditional support, a policy that would be less chaotic. Perhaps it was the appropriate time for correcting a line that was increasingly diverting him from other social realities of Catalonia, the more popular ones, owing to his exclusive defense of the interests of the right-wing and bourgeois Catalanians.

Starting then, Jordi Pujol stressed what has been termed "the policy of victimism." He has not lacked reasons for complaint, such as LOAPA and, in particular, its spirit, which has been the focal point of some UCD-PSOE autonomous agreements, from which the parties that were governing in the autonomies were ridiculously dissociated (and now both are beginning to realize this). The autonomous agreements represented the second turning point of his 1,000 days in government, because they tied him into conservatism in the legislative area. The campaign against autonomous retrogression, based on the cry "Som una nació" [We are a nation], prompted Pujol to increase the nationalist component of his policy, without ceasing the attempt to obtain everything possible from the central government. Hence, he put forth arguments to those who accused him of engaging in double-talk, and of neglecting the style required of a governor.

However, after nearly 3 years, the Catalanian president can feel satisfied, because the statute has been implemented with fewer problems than anticipated. Despite the complaints, the volume of transfers has been virtually impossible to improve from the standpoint of timetable and percentage, the Generalitat has been endowed with tools and it has been established.

The Two Communities

The practical accomplishments have been countless. But there has been lacking a more definite plan for that national reconstruction and, hence, the reference point essential for a policy. The many smatterings of improvisation and partisanism in his strategy have brought some undesirable effects for an autonomy that is starting: for example, the loss of Catalonia's influence beyond its borders, which the Catalanian Socialist ministers are now attempting to offset.

Even more serious is the dissociation between the sectors of the population from immigration and the autonomous entity. It is possible that, if the elections for Parliament were held now, Pujol would not receive the immigrant vote that he obtained in the 1980 elections (owing to an anticrisis reflex). Although the president has proven to be more moderate in matters of language than some expected, there has been no specific attention given to the process of integrating the two communities supporting Catalonia, nor has the "virus" of division been neutralized, as proven by the recent "11 September" demonstration.

The criticism of style is also essential here, as a minimum. A thousand days ago, Pujol was referring to "a global and globalizing concept of Catalonia, wherein all Catalonians really fit." In late 1981, during a visit to Ciutat Badia, confronted with a large immigrant delegation, the president's comments sounded too harsh: "The intimidation, of whatever type it may be, in the labor area, and in the area of education, will serve absolutely no purpose, you must realize this. (...) Democracy is based on elections, never on intimidation. Of course, you must realize that the demonstrations of a violent and intimidating type have absolutely no effect on the government of the Generalitat. It is necessary for you to realize this."

Any analysis of these 1,000 days of government must acknowledge the considerable institutional work and concrete accomplishments carried out by the president. Jordi Pujol has begun an historical era, and has made evident his dedication to the goal of retrieving the ideals of Catalonia. But, as the Centrist leader, Anton Canellas, has stated (to choose the criticism of an ally, and not an opponent), he has forgotten that "a country is not made only by building highways or establishing the administrative structure; at the same time it is necessary to make a proposal for the future that will involve the citizenry, and to make them realize why it is important to have the Generalitat again." To a certain extent, this is the major criticism that can be made of Jordi Pujol

2909

CSO: 3548/135

APPROVAL FOR BALEARIC AUTONOMY DESPITE DEBATE, ABSTENTION

Madrid EL PAIS in Spanish 27 Jan 83 p 16

[Article by Bonifacio de la Cuadra]

[Text] Yesterday the Plenum of the Congress of Deputies in Madrid in a final joint vote approved the Autonomy Statute for the Balearics. Only one modification to the text of the constitutional committee was added: the reference to the "national characteristics" of the islands was replaced by "common characteristics of nationality." The total result of the vote was 193 in favor, 3 opposed and 107 abstentions. The latter came from the Popular Group, the four communist deputies, and the representatives of Basque Left and Republican Left of Catalonia.

The group which Manuel Fraga will lead tried to change the reference which the statute makes to the Catalan language as "native to the Balearic Islands." Abel Matutes did not let Jose Canellas speak on this point. In the committee Canellas had kept using expressive phrases about his Catalan wife and his four "half Catalan" daughters. Matutes himself argued that reference should be made to the "language of the Balearics," in accordance with the opinion of the majority of a series of linguists who met in Palma de Mallorca in 1980, and because of the expressions and differences from Catalan in the language commonly used in the Balearics. The socialist Jaume Ribas defended Catalan as the language used by writers in the Balearics, which ought to prevail over the dialect forms. The amendment of the Popular Group was rejected.

The mention made in article nine of the statute that the Balearic institutions of self-government will strengthen "the common national characteristics of the peoples of Mallorca, Menorca, Ibiza and Formentera," was replaced by a reference to the effect that the institutions mentioned will consolidate and develop "the common characteristics of nationality" of the peoples mentioned. Both the Popular Group, in which Abel Matutes would prefer to substitute the word "special" for "national," and the centrist group accepted the compromise amendment offered by the socialists as the lesser of the evils. It was approved with 281 votes in favor, 13 opposed and 3 abstentions.

Matutes had accused the initial text on this point of being contradictory and demagogic, "because something that does not exist--the national characteristics of the Balearics--can hardly be developed." Rodolfo Martin Villa, speaking for the UCD [Democratic Center Union] called it an exaggeration to consider Ibiza a nation.

Another important amendment supported by the Popular Group is the attempt to grant specific representation to the Palma de Mallorca "par forana," and the one to assign the group of smaller islands the same number of autonomous deputies as the largest island has.

Matutes argued that Madrid has the same number of senators as Soria; to which the socialist Gregorio Mir replied that the relation between a vote and a seat should not be compared with the Senate, in any case, but with the Congress.

The text which was approved yesterday establishes that the decision on the total number of deputies and the distribution of seats will be made under a law of the Balearics Parliament to be approved by an absolute majority; although for the first election, which will have to be held before May 31 this year, 50 deputies will be elected, distributed this way: Mallorca, 30; Menorca, 12; Ibiza, 11; and Formentera, 1 deputy. In explaining the vote, the deputy from Republican Left of Catalonia, Francesc Vicent, justified the abstention of the six deputies from the Grupo Mixto [Mixed Group] as showing "solidarity with the leftist nationalists of the islands, who proposed autonomy through article 151 of the constitution, as did the PSOE [Spanish Socialist Workers Party], although later this party had abandoned it in favor of cooperation on autonomy."

Speeding up the Debate

The debate on the Balearics Statute took much less time than expected, since a large number of amendments were withdrawn, especially by the Popular Group. This strategy, which would be repeated later with regard to the Castilla-Leon Statute, is also due to the desire not to prolong unnecessarily a debate on matters destined in advance to go nowhere; and to the suggestion of the leaders of the Fraga group that proceedings in the Plenum be speeded up, so as to permit the introduction of the last point of order of the day: the election of four magistrates for the Constitutional Court.

8131

CSO: 3548/119

PROSPECT OF MODERATE OPPOSITION FRONT TO FRAGA

Madrid EL PAIS in Spanish 27 Jan 83 p 14

[Article by Fernando Jauregui and Joaquina Prades: "Formation of Moderate Opposition Front Prepared"]

[Text] Representatives of political parties which are non-socialist or are not included in the Popular Alliance-Peoples Democratic Party coalition yesterday held a "closed" meeting, which according to one of those attending is intended to be the first step toward the formation of an "intermediate opposition" bloc in Parliament. Santiago Carrillo, Miguel Roca, Marcos Vizcaya and Adolfo Suarez tried during the course of the meeting to arrive at common positions, so as to "not allow Fraga to become the only opposition."

The president of the UCD [Democratic Center Union], Landelino Lavilla attended the first part of the meeting, but later left, pleading a prior engagement.

Although those who were present at the meeting made a "pact of silence," so that the meeting itself and the topics discussed would not leak out to the press, it is known that they agreed to meet again before long, always with a view to the creation of a front for parliamentary opposition to various socialist measures, but keeping their distance from the more conservative proposals of the Popular Group.

The presence of Santiago Carrillo at this meeting makes it necessary to reject the idea that they are trying to start up an "operation of the center" in Parliament, which would have some resemblance to the one inspired by the head of Democratic Convergence of Catalonia, Miguel Roca. The presence of Marcos Vizcaya of the PNV [Basque Nationalist Party] and of the president of the CDS [Democratic and Social Center], Adolfo Suarez, as well as the brief appearance of Landelino Lavilla, suggests however, a complete dominance of centrist forces in this effort to form a "Parliamentary Front," where differences would unquestionably arise with the communists on many subjects, even though there will certainly be agreement on many others. In this latter case, those who attended the meeting even considered the possibility of holding joint press conferences and meetings with reporters.

The UCD Presence

The fact that Lavilla, pleading other commitments, was present only during the first part of yesterday's meeting, which was held at the lunch hour, was interpreted in different ways by those attending. The attempts of the UCD to reach a coalition with the AP-PDP [Popular Alliance-Peoples Democratic Party] for the coming municipal elections could have had an influence on this "limited appearance" of Lavilla, according to some interpretations. But, at the time, the slow progress of the negotiations for this coalition would have induced the centrists to at least "show up" at the meeting.

Just yesterday, the secretary general of the AP, Jorge Verstrynge, and of UCD, Juan Antonio Ortega Diaz-Ambrona, held a meeting regarding the possibility of the pre-election agreement, without any major results. Only in Galicia, Castilla la Vieja, and--less probably--Extremadura, could a coalition between the AP and the UCD be forged, given the reluctance of the Alliance members from the rest of the provinces and regions to conclude this agreement. The coalition has already been explicitly rejected in Madrid, Catalonia, Valencia, Murcia and Andalucia, as Verstrynge stated after his meeting with Ortega.

8131

CSO: 3548/119

PCE'S IGLESIAS CLAIMING VOTERS DISCOURAGED WITH SOCIALISTS

Madrid EL PAIS in Spanish 26 Jan 83 p 11

[Text] Many of those who voted for the PSOE [Spanish Socialist Workers Party] believing that this would be productive are, at this point some 50 days after that Socialist government took office, already under the impression that their ballots were wasted, that they would have been better off voting for the PCE [Spanish Communist Party]," the PCE's secretary general, Gerardo Iglesias, asserted yesterday at a press conference held in Gijon where he had hastened because of the general strike called for yesterday in that city of Asturias.

Iglesias justified his above-mentioned assertion by the statement that "it is not good for the change in government that there should be to the right of the PSOE an enormous wall and to its left an excessively level terrain. Hence, the resurgence of the communist vote is interesting." The communist secretary general asserted, according to a report of EFE NEWS AGENCY, that "the PCE is retrieving internal normalcy very rapidly" and that "the party is expanding and regaining its unity." Iglesias also held that "support [for the PCE] is growing in a general way across Spain."

Gerardo Iglesias expressed optimism in the face of municipal elections and those in the autonomous regions "because new factors will be injected into them such as the force of the local problems and the personality of the candidates even though efforts will be made by the PSOE and the AP [Popular Alliance] to give these elections the character of general elections."

Against Factions

The communist leader denied that there is a Catalanian-Asturias split in the PCE executive and added: "I do not envision a communist party with organized factions because this is counterproductive. Accordingly, I am not prepared to establish any kind of pact or agreement. Even more, I shall fight any type of regrouping because I am not prepared to compromise with anybody, either with Catalonia or with the PSUC [Unified Socialist Party of Catalonia].

"If we wish to have a united party, without factions," he explained, "it is important that it be flexible and democratic so that all kinds of opinions may coexist in it. My modest experience in Asturias suggests that neither

iron discipline nor the appearance of factions is productive. It is enough to speak clearly. Somebody cried out to heaven because at the latest central committee meeting two proposals were made, one by the executive committee and the other by the secretariat. Two proposals were made but nothing was approved."

On being asked whether the PCE is experiencing a process of change such as that which came to a head for the PSOE at its Suresnes congress, Iglesias answered: "The history of the PCE is not that of the PSOE. The PSOE is a party which stuck to its initials while the other, the PCE, not only held on to its initials but constantly played a role in the Spanish social movement. And the PCE is now striving to solve some problems which emerged under the exceptional conditions of its clandestine existence. These exceptional factors formed some habits and some customs which are also exceptional and this requires a readaptation. Now then, considering the differences between the PSOE and the PCE, I agree that similar elements may have appeared in their processes." Iglesias concluded by asserting that the campaigns which he supports "do not consist of pressure against the Socialist government but rather against management."

2662

CSO: 3548/122

RELATIONS BETWEEN GOVERNMENT, PSOE MATTER OF CONCERN

Madrid EL PAIS in Spanish 26 Jan 83 p 11

[Article by Fernando Jasuregui and Joaquina Prades]

[Text] The future of the relations between the Socialist government and the PSOE [Spanish Socialist Workers Party] will foreseeably constitute the basis of the report on public administration that the party's executive has entrusted to Felipe Gonzalez so that the latter may present it before the PSOE's federal committee scheduled to meet on 5 and 6 February 1983. This issue has become one of those which have caused the greatest degree of concern to the Socialist executive in the past few weeks.

The secretary general of the PSOE will explain essentially the meaning and scope of the changes made in the party's federal executive since it took over the government and, especially, he will detail the work to be carried out by the party among its activists and sympathizers given that the major argument which they used up to now--criticism of the government's administration--has been replaced by an explanation of the reasons prompting the members of the Council of Ministers [Cabinet] to approve some decisions but not others.

As a well-known Socialist politician noted, "now that it is not a question of going to industrial plants, groups, or neighborhood associations to explain that the [previous] government of the UCD [Democratic Center Union] was acting in disastrous fashion on the issue of the rape plant, to mention one example, but rather, now that our mission has become something more difficult, we have to explain that we do not have all the necessary funds to satisfy all those affected."

The internal changes have even affected Prime Minister Felipe Gonzalez himself. He has ceded a portion of his duties as secretary general to represent the party in public to the PSOE's chairman, Ramon Rubial, in the face of the accumulation of duties shouldered by the head of government. This aggregation of responsibilities has also prevented Felipe Gonzalez from attending, as the party's secretary general, most of the meetings held by the PSOE executive since he has headed the Socialist government.

Members of the Executive Committee

The other changes have consisted in assigning to Salvador Clotas executive responsibilities for culture when Jose Maris Maravall joined the government. Enrique Mugica will be in charge of information, previously entrusted to the present Minister of Labor, Joaquin Almunia. Both of them, together with Javier Solana, continue to be in the party's executive, but as members only.

The deputy from Coruna and also member of the federal executive, Salvador Fernandez, will be in charge of policy coordination of the Socialist federations in the autonomous communities, while Guillermo Galeote will assume full responsibility for electoral duties since Alfonso Guerra has become deputy prime minister.

Less well defined are the international responsibilities assigned to Jose Maria Benegas, but these will nevertheless be more directly in charge of Elena Flores. Despite this, it is obvious that Felipe Gonzalez will also assume responsibilities in this field, as his recent trip to Paris to participate in the meeting on the exchange of views called by the French Socialists evidences. Benegas' establishment in this area of responsibility has been interpreted in Socialist circles as the desire of one who has always controlled the party's machinery to put the spotlight on an individual very well accepted in the party as is the case of the young Basque politician.

However, members of the PSOE's federal committee insist that this handing over of responsibilities by those who hold positions in the Cabinet to other members of the executive does not solve the problem of relations between the government and the party which won the elections. And even though Prime Minister Felipe Gonzalez will not allude to the efforts made--as of now--during the 70 days that he has headed the government and very specially to what is called the policy of appointments, some of which are not understood by the old-line Socialists he does indeed plan to devote some paragraphs of his report on administration to this thorny issue which has complicated the desire of the PSOE to delimit and separate as much as possible the work of the party from that of the government.

Thus, what was initially announced as a procedural meeting of the PSOE's federal committee, officially dedicated to approving the basic guidelines to draw up the municipal electoral lists, can be converted into [the presentation of] a set of resolutions by those who, for some reason or other, feel that the party's input in political life is insufficient.

But the apparatus of the PSOE appears to be in disagreement with the premise that such issues should be aired at the meeting of the federal committee. The establishment of the channels between the government and the party and between the party and society, it is asserted at the PSOE's headquarters, must be initiated at the next organizational conference to be held the first week of March 1983. On the other hand, the issue of relations between the government and the parliamentary group appears to be solved given that there is a document in which said relations are specified and which will be submitted shortly for approval by the Socialist deputies and senators.

BRIEFS

STATUS OF FRENCH-GERMAN PLANE, TANK--On the occasion of the debate on the defence budget, the defence minister revealed that he had asked Dassault to reopen talks with the German firm MBB on the subject of a new combat plane. The minister also pointed out that the ACA project did not appear to be supported at the present time by Italy or the F.R.G. Studies on the French ACX project will begin shortly, although cooperation has been proposed to European partners. The Defence Minister confirmed in the Senate that the Government has decided to begin development of a new battle tank for the 1990s. This new tank, which will replace the AMX-30B and AMX-30B2, currently in use, will come into service at the start of the next decade. It will be more mobile, more compact and better armed than its predecessors, and will boast higher reliability. The high degree of automation of various stations and their advanced ergonomics means the tank can operate with a three man crew. The development phase, handled by GIAT, should be finished by 1987. By deciding to go ahead with studies of this tank, the French Government appears to have dropped the possibility of producing a Franco-German tank although the Minister stated that "the organization chosen is such that it remains and will remain open, up till a very advanced stage of the work, to cooperation with any friendly country which wishes to come in along with us." [Text] [Paris DEFENCE and ARMAMENT in English Dec 82 p 13]

FRENCH-GERMAN HELICOPTER PROJECT--Despite continuing Franco-German talks on possible military cooperation, certain differences still exist concerning the second generation anti-tank helicopter that the two countries are to develop jointly. The FRG in fact prefers the idea of a lightly armed, tandem two-seater helicopter with sensors under the nose. France, however, would like a side-by-side two seater, more heavily armed and with sensors in a housing above the rotor. Furthermore, France would like to extrapolate two versions--antitank and anti-helicopter, with air-to-air weapons--while the Germans want only an antitank version. Each country has already laid down the main points of a national project, but the possibility of a cooperation in this field does not appear to have been completely ruled out as yet. [Text] [Paris DEFENCE and ARMAMENT in English Dec 82 pp 8-9]

CSO: 3500/11

SERIES ON DEFENSE BUDGET, OTHER MILITARY ISSUES

Brussels VOX in French 23 Dec 82, 6 Jan 83

[Article: "The National Defense Budget: Only a Part of the Expenditures Devoted to Defense"]

[23 Dec 82 pp 6-7]

[Text] In the course of the statement that he gave to the Senate on 13 October 1982 regarding the draft national-defense budget law for the 1982 budget year, Minister Vreven placed emphasis on, among other things, the heavy consequences that any unilateral reduction of the missions fulfilled by Belgium could have on the security and cohesion of the Alliance.

In these difficult times, though, everything must be done to limit the expenditures devoted to defense, and despite this, to obtain optimum yield from the means available.

As regards the expenditures devoted to defense, it is necessary to provide some clarifications, especially now that a total of BF 128 billion for 1982 has been mentioned in various articles that have appeared in the press, based on data from NATO.

"Defense Expenditures" and "National Defense Budget"

On the occasion of the recent meeting of the Defense Plans Committee, the question of "NATO defense expenditures" was again raised. Most of the readers of the articles published in the press on that occasion will certainly have believed that the National Defense budget came to about BF 128 billion for 1982. In this regard, a very clear distinction should be made between these "defense expenditures" and the National Defense budget. The notion of "defense expenditures" is a definition created by NATO so as to permit a comparison among the various countries on a common basis. Here is a picture of the evolution of "defense expenditures":

	<u>1980</u>	<u>1981</u>	<u>1982</u> (estimate)
Defense expenditures (billions of BF)	115.8	125.8	127.9
Increase in current prices (%)		8.6	1.6
Real % increase (constant prices)		0.9	-6.7
Consumer price index (%)		7.6	9.0

On the subject of this table, it is too often forgotten to point out whether it is a matter of an increase in "defense expenditures" expressed in current prices or in real terms, as desired by the "NATO 3-percent objective." The defense expenditures comprise, in addition to the National Defense budget, the budget of the Gendarmerie and parts of the budgets of other departments. For 1982, the "defense expenditures" break down in the following way (figures rounded off):

--National Defense (expected disbursements)	BF 89.83 billion
--Gendarmerie (expected disbursements)	14.24 billion
--Ministry of Interior (pay for militia)	3.03 billion
--National Education (costs of education in the FRG)	1.53 billion
--Pensions	17.60 billion
--Miscellaneous: cost of services in the areas of Justice, Finance, Foreign Relations, Transport, Budget, Public Works)	<u>1.67 billion</u>
	BF 127.90 billion

When one examines the National Defense budget, as presented annually to the Parliament, one notes that its total has risen quite a bit less. The disbursements within the framework of the National Defense budget for 1980 and 1981 totaled, respectively, BF 81.3 and 88.5 billion.

With regard to the figures cited above, it is of some use to recall that the consumer price index is hardly representative in the specific domain of National Defense, in which the increases in particular sectors sometimes go as high as 15 or 20 percent.

In Belgium, the National Defense budget represents + 70 percent of "defense expenditures."

On the occasion of the general discussion of this draft law in the Senate, a number of subjects, in which the military community takes very special interest, were reviewed. VOX will publish the most important questions and answers in their entirety, so that its readers will understand the exact point of view of the minister of national defense on this point.

Restructuring Plan for Career Personnel

[Question] Several newspapers have published articles on proposals worked out by the minister for the solution of certain personnel problems. Could he give some explanations on this subject?

[Answer] As regards reform of the personnel sector, a restructuring plan for career personnel is presently under study.

This plan has, in fact, the purpose of remedying a series of fundamental difficulties with the present system--specifically:

- 1) the mixing, within the same units, of militiamen and career volunteers;
- 2) the impossibility of financing the standardization of pay and allowances in the present budgetary context;
- 3) the relative attraction of a number of posts difficult to fill at the moment because of their nature or remoteness.

Thus it is that one finds very few volunteers inclined, for example, to put in for combat posts that are very common in the distant garrisons barracked in the FRG.

The basic idea of the restructuring plan is thus as follows:

--On the one hand, assign the militiamen in Belgium as much as possible to functions in which they can remain operational for 2 months or more. This does not prevent the militiamen who so desire from being able to continue to do their service in the FRG, but in such case, in functions for which a service time of 8 months is sufficient for being considered cost-effective.

--On the other hand, strive to make available the financial means necessary for standardization of pay and allowances and for modulation of revenues so as to bring supply and demand back into balance for all functions, by reducing, overall, the number of nonoperational functions. The financial means thus freed could then be allocated in the form of allowances for remoteness of service, for particularly difficult functions, for overtime hours, for military police, etc. Overall, this would therefore amount, for the personnel sector, to an even operation on the financial level. The possible modalities of execution, as well as quantification of all the aspects of the problem, are still under study for the time being. It is only when these preliminary studies are completed that it will be possible for the plan to be submitted to the government and examined by the new Joint Commission.

Commanding-Officers Career

[Question] In the various questions asked on the subject of the age limit for commanding officers, it is noted in particular that the mobility for which the Dekens Commission opted has not given satisfaction and that it is urged that a reasonable solution be found. Have negotiations been conducted with Civil Service in an attempt to find reassignment possibilities for this category of personnel? Why would a commanding officer who remained in the armed forces block the recruitment of an officer-candidate?

If this represents an additional expenditure of BF 600,000 per year, as the minister asserts, it is because no correction is being made in payment of pensions.

[Answer] The fact is that the mobility proposed by the Dekens Commission has met with only moderate success.

Of the 771 commanding officers put on the retired list since the beginning of 1979, 242 have submitted an application for mobility; and of these, 66 have been successful.

There have been no direct talks with Civil Service concerning a possible reassignment of retired officers in the public sector, because that department is fully associated in the work of the abovementioned Commission, to which the entire dossier was sent back by a preceding government.

The 1976 framework law relative to officer personnel strength limits the number of junior officers to 4,931. A commanding officer who remains in his post therefore always blocks the recruitment of a young second lieutenant because of the aforesaid maximum personnel-strength limits.

The expenditure of about BF 600,000 per year to be made for a commanding officer remaining on duty, as stated in the presentation of the question, represents the pay difference between the commanding officer remaining on duty and the second lieutenant who could be recruited in his place. On this hypothesis, National Defense would have to provide for additional means.

At the national level, this sum can, in effect, be corrected by deduction of the total of pensions not paid out. But such reasoning is valid for all persons pensioned before age 65.

In addition, it would also be necessary to take into account, for the state, other additional expenditures, on the one hand, and on the other, a decrease in receipts as well as a transfer of funds among various departments, which certainly does not simplify the problem.

The entirety of the operational, social and budgetary aspects referred to is still under study.

Recruitment of Women

[Question] The problem of women in the armed forces was not raised in the minister's statement. What have been the results in the area of recruitment of female personnel? By the imposition of the same physical-aptitude criteria for them as for men, isn't entry into the Royal Military School closed off for them?

[Answer] The armed forces have been recruiting women since 1975.

Article 47 of the law of 13 July 1976 relative to officer personnel strength and to the status of the personnel of the armed forces provides that the king determines the functions that female personnel may fulfill. However, the economic-reorientation law of 4 August 1978 establishes explicitly the equality of men and women as regards working conditions and access to employment, training and occupational advancement.

This means, among other things, that women have access to all the personnel categories on the same basis as men.

The situation of women in the armed forces is presently as follows:

	<u>Belgium</u>	<u>Belgian Forces in the FRG</u>	<u>Total</u>
Officers	86	16	103
Officer-candidates	49	4	53
Junior officers	243	110	353
Junior officer-candidates	175	27	202
Volunteers	<u>1,919</u>	<u>970</u>	<u>2,880</u>
Totals	2,472	1,127	3,599

At the Royal Military School in particular, +20 percent of the women applicants enrolled in 1981 and in 1982 passed the same physical tests as their male colleagues, which proves that these tests are not at all insurmountable.

I am of the opinion that the problem of women in the armed forces should be gone into more deeply by the Joint Commission, which could formulate recommendation on this subject for the Interministerial Committee on the Status of Women. The General Staff has been charged to determine the physical criteria appropriate for the different functions and specialties.

Duration of Military Service

[Question] A fundamental problem is that of the prolongation of the time of military service.

No matter what the political options--either an entirely or partly professional army, or generalized conscription--we are confronted, in the decade 1983-1993, with a 25-percent decrease in the militiaman age groups because of a drop in the demographic rate (roughly 16,000 men).

Furthermore, this problem is not peculiar to Belgium, since the Bundeswehr will experience a decrease of 100,000 in its overall personnel strengths.

Hence it appears inevitable to envision a prolongation of service time if we want to avoid a sizable decrease in our personnel strength, one that would jeopardize either our international commitments or the operational character of our armed forces.

[Answer] I share the concerns expressed and confirm that the demographic evolution is such that revisions of the coordinated laws on the militia seem inevitable in the near future so as to be able to cope with the problems that this situation will pose in the relatively near future. Furthermore, I consider that this problem should be studied in depth by the Joint Commission.

[6 Jan 83 pp 8-10]

Financial Status of the Different Units

[Question] Does the minister envision modifying the financial status by raising the pay scales of the operational units by means of reductions of the pay scales of the nonoperational units?

[Answer] It is not at all among the minister's intentions to transfer resources from certain units to others.

We are examining the possibility of freeing resources by restructuring and departures of personnel so as to be able to use them in favor of military personnel holding certain functions or stationed in particular garrisons.

Flying Allowance for Certain Pilots

[Question] Within the framework of the current budgetary restrictions, why aren't the flying allowances for pilots who do not have a combat mission eliminated?

[Answer] It should be noted first of all that the exercise of certain command and general-staff functions requires that those involved continue to have a certain practice in flying so as to be able to keep up with the rapid evolution of sophisticated flying materiel.

The solution that would consist in not permitting pilots to fly during the period during which they are assigned to general-staff or command functions and subsequently subjecting them to a complete retraining when they are assigned to an operational unit could entail operational and budgetary difficulties.

In effect, it has been proven that in such cases, complete retraining would be more expensive than the present system.

For several years, these pilots, to keep up their piloting practice, have been training no longer on combat planes of the F-16, F-104 or Mirage type but rather on training and transport planes, which is less expensive.

At my request, the chief of staff of the Air Force is currently studying a restructuring of the flying hours available in function of the means provided by the general flying plan and taking into account the specific flying-hours needs per type of aircraft.

The possibility of retaining flight pay for pilots who can no longer carry out combat missions without doing the required flight duty is being examined in the plan for restructuring of the available hours.

Installation of the INF [Intermediate-Range Nuclear Forces]

[Question] NATO is already very weak on the level of conventional weapons.

Doesn't installation of the INF thus increase the risk of escalation?

[Answer] It is true that on the conventional level, NATO is weak by comparison with the Warsaw Pact. But this is even more true on the level of nuclear weapons of medium and short range.

If we let the gap grow wider in this area, it is to be feared that the Soviet Union might believe a limited aggression against Europe to be possible, in view of the fact that in such case it would remain out of range, because of the fact that the use of strategic nuclear weapons would provoke a generalized nuclear war and the United States might renounce such an escalation. In my opinion, the INF therefore really constitute an indispensable link between the conventional forces in Europe and the strategic weapons of the United States.

Thanks to the diversity of its weaponry, NATO is in a position to apply the flexible-response strategy. To make deterrence effective, NATO must, in effect, demonstrate in a credible manner that it is capable of defending itself and that it is prepared to do so. In addition, the risk run by a potential aggressor should be made high enough that it will not dare to take it.

Air Force Commitments Within the NATO Framework

[Question] What exactly are the fundamental commitments of the Belgian Air Force within the framework of NATO?

Couldn't the number of airplanes available to it be reduced?

[Answer] Within the NATO framework, Belgium has accepted certain commitments for the Air Force, which can be summarized, overall, as follows:

--eight units of remote-controlled Nike rockets stationed in the FRG, integrated in the Nike-belt and participating the defense of air space at medium and high altitude;

--144 combat planes, including 54 for ground-air support, 36 assigned to air defense, 18 assigned to reconnaissance missions, and 36 with a double role (conventional and nuclear).

These airplanes are distributed among eight flights.

It is not possible to reduce the number of airplanes per flight. in view of the fact that this would imply either an increase in the number of flights, which would obviously be an expensive solution, or a limitation of our commitments to NATO, which is unacceptable for our allies, who are faced with financial difficulties analogous to ours.

In order to continue to fulfill our commitments to NATO, it is therefore necessary to maintain this number of 144 airplanes. In order to have available for 15 years a fleet of 72 airplanes possessing the desired operational capacity, it is necessary to buy 116 airplanes. This makes it possible to stagger the peacetime losses over the entire period and to organize a rotation at the normal-maintenance level. I repeat that within the framework of our commitments to NATO, 144 airplanes have to be able to be made operational within the time-periods allowed.

Possible Withdrawal of Troops from the FRG

[Question] Withdrawal of troops from the FRG is an excellent idea, one that was already broached by the Socialist Party 10 years ago.

The successive ministers of defense have always responded negatively to it, citing in particular the fulfillment of our missions within the framework of NATO and the fact that the barracking capacities do not exist in Belgium. What does the present minister think about this?

[Answer] I have never spoken of withdrawing the Belgian troops from the FRG but rather of bringing back to Belgium a large number of the militiamen who are in the FRG. Thus there seems to be a misunderstanding here.

As regards a possible withdrawal of the Belgian troops from the FRG, we consider that a return of the FBA [Belgian Forces in the FRG] to Belgium would in the operational domain greatly jeopardize the possibility of continuing our mission and could in addition imperil the mission of the allies to such a

point that one would have to ask oneself whether it was still reasonable to continue to take on responsibility for that mission.

This would naturally call into question the credibility of the very existence of the armed forces.

Furthermore, it is clear that the financial costs, initial and recurring, of such installations would be so high that one could say that just the interest that would have to be paid on capital of this magnitude would greatly exceed the additional direct costs entailed by the present stationing of the Belgian armed forces in the FRG.

Finally, a withdrawal of the Belgian troops would have to be compensated for by the allies, which would certainly not be accepted.

By a unilateral decision of that type, Belgium would surely isolate itself on the political and economic levels, with all the consequences that that would entail.

My only intention is, as I just said, to bring the greater part of the militia-men back to Belgium.

Recalls

[Question] What is the sense of the recalls and what is the financial effect of them?

[Answer] When two active brigades were eliminated, it was necessary to create two reserve brigades, in view of the fact that the mission of the 1 (BE) Corps has remained unchanged.

It is absolutely necessary to do periodic recalls in order to maintain a minimum operational level.

The recall of the 10th Armored Infantry Brigade, just completed, cost about BF 120 million.

This total covers the following costs: personnel, clothing and equipment, transport by train and bus, fuels, maintenance and munitions.

State of the Reserve Forces

[Question] How is the lamentable state of the reserves (equipment and frequency of recalls) to be explained, and what are the measures that should be taken to reduce the time-periods necessary for arrival of the complements?

[Answer] A--Equipment of the Reserves

a) For the reinforcements chain. The present materiel available makes it possible to have ready the individual clothing, body equipment and individual armament for about 20,000 men.

b) For military defense of the territory. The clothing, equipment, armament and materiel are lacking for carrying out the second phase, planned for 1985, for military defense of the territory--i.e., for about 4,000 men.

c) For the other reserve units. For the other reserve units of the 1 (BE) Corps and the rear line of combat (+25,000 men), the forces of the interior and for military defense of the territory, first phase (in all, +30,000 men), as well as for the units of the reinforcements chain, the principal problems in the area of equipment and materiel are the following:

(1) clothing and equipment.

All the personnel are equipped, but sometimes with "old model" equipment.

(2) individual and collective weaponry.

This is not lacking, but while the reserve units of the 1 (BE) Corps are equipped with Fals and Vignerons (except for 16 general services companies equipped with Stens), the reserve units of the forces of the interior are still equipped with Safns and Stens.

(3) signalling materiel.

There is a shortage of 250 portable sets.

Certain materiel, such as the SCR-300 portable sets and the SCR-508 and 528 sets carried on vehicles, are of an entirely outmoded technology.

(4) materiel in general.

a) vehicles: there is wide recourse to requisition (+5,500 vehicles).

b) lifts: 9 out of 18 are lacking.

c) the wheeled and tracked towing vehicles are no longer reliable.

d) the camping materiel is insufficient.

The financial means available do not make it possible to remedy the existing deficiencies in the immediate future.

B--Frequency of Recalls

As a result of the cutoffs of credits, the FTX (Full Troop Exercise) of the 1 (BE) Corps planned for 1980 was postponed to 1981. Because of this, the recall of the 10th Armored Infantry Brigade was postponed from 1981 to 1982. Generally speaking, the frequency of recalls varies with the category to which the reserve unit belongs: for collective recalls with troop, it varies from every 2 years to every 5 years, and for individual recalls (cadre), from annually to every 2 years.

C--Time needed for arrival of complements.

Measures have been taken to accelerate transport by the placing of buses in service.

Number of Frigates and Conclusions to Be Drawn from the Falklands Conflict for the Naval Force

[Question] The Naval Force has four frigates but only 2.5 crews for carrying out these missions.

Doesn't this situation result from poor evaluation of our needs? Wouldn't it be advisable to reduce the number of frigates to three, with two in service and one in maintenance?

[Answer] The Naval Force complies with the NATO norms by keeping 50 percent of the frigates operational. The Naval Force has sufficient personnel strength for forming the complete crew for the two other frigates by drawing from among the personnel of the bases, the training center and the reserve corps.

Our Naval Force has an important mission in the North Sea and in the English Channel, a region in which the naval forces of neighboring countries cannot commit many of their units. The fact is that most of them essentially have the mission of protecting the navigation routes of the Atlantic Ocean. The four Belgian frigates would therefore have an important mission to carry out in the event of conflict.

In peacetime, they are used in the following manner: two of them are operational within the framework of NATO, a third is undergoing a major overhaul that may take up to 18 months, and the fourth is assigned to internal missions, including personnel training in particular.

Materiel of the Reserve Units

[Question] The situation of the materiel of the mobilization nuclei of the reserve units is disastrous as regards the old age of this materiel. The numerical data relative to the 12th Reserve Brigade lead one to think that the operational character of this brigade is more than aleatory, if not nonexistent.

What measures are being envisioned for remedying a situation such as this?

[Answer] I grant that the materiel in the mobilization nuclei of the reserve units is, generally speaking, less modern than that of the active-duty units. There are exceptions, though: the 10th Armored Infantry Brigade has Leopard tanks and tank-hunters, and there are tank-hunters in the 12th Motorized Brigade also. Inversely, there is some old materiel, such as the M-75 troop transports, equipping both the active-duty units and the reserve units.

The financial means available do not enable me to provide the reserve units with the same materiel as the active-duty units. Generally speaking, the recently acquired materiel goes to the active-duty units, which, upon reception of it, pass their old materiel on to the reserve units.

Within this framework, it is planned that in 1985, the first-generation MAN trucks will replace the reserve units' transport vehicles.

On the occasion of the recent recall of the 10th Armored Infantry Brigade, I was able to note personally that the percentage of operational materiel was close to that of the active-duty units.

Purchase of New Howitzers

[Question] The government has planned for the purchase of new howitzers. We have learned that they would have a range of about 22 km, while that of the Russian howitzers is 27 to 30 km.

Doesn't this purchase thus constitute a waste?

[Answer] The howitzers that the Army is planning to purchase have a range of 24 km.

The Russian materiel, which has a range of 27.5 km, is a 130-mm tracked cannon positioned at very high echelons (army and front), which means that in principle, it would not be in the first line, whereas the new Belgian howitzers could also be used in the first line so as to provide close support for the brigades.

It is therefore not correct to assert that this purchase would be a waste.

Furthermore, this materiel has been acquired by most of the NATO countries, and in addition, it can use our present stock of munitions--a factor that must also be taken into account.

Cracks Noted in the CVRT [expansion unknown] Vehicles

[Question] What solution has been provided for the problem of the cracks in the CVRT vehicles?

[Answer] Cracks have appeared in the first two types of vehicle--i.e., the Scorpions and the Scimitars.

For the following five types, a remedy for this problem has been found at the manufacturing stage.

The British Ministry of Defense has been found responsible for the problem.

The Belgian state shares this responsibility, because it played a role in the design phase.

In order to remedy this defect, an operation called Score Pola has been in progress at the Rcourt arsenal since May 1981.

A total of 286 vehicles must undergo this operation; at the present time, 82 vehicles are completed, and a rate of 8 per month is planned.

10-Year Plan

[Question] On what bases are the quantities of materiel put into the 10-Year Plan decided on?

[Answer] The 10-Year Plan for investments is the result of a compromise between, on the one hand, the military needs, and on the other, the means of payment made available to National Defense. The result is that the 10-Year Plan expresses only a list of priority needs, and this in quantities that do not make it possible to accomodate all the contributions requested by NATO as a result of the decisions taken jointly by the member countries.

On the occasion of the annual adaptation of the plan in question, the quantities of materiel therefore may possibly be adapted in function of the operational need, the evolution of the cost of the materiel and the evolution of the budgetary means made available to defense by the government.

Budgetary Masses

[Question] Is the distribution of the budgetary means among the various budget headings (personnel expenditures, operating expenditures, investment) per the 50-percent, 25-percent, 25-percent formula still being adhered to, or are modifications being planned in this regard?

[Answer] Maintenance of the present breakdown among the three categories concerned is not an end in itself. Furthermore, the statistics on the subject show that this breakdown has not always been adhered to in the past. I am personally of the opinion that in the near future, there will perhaps be occasion to restudy the validity of this breakdown, in function of the evolution of personnel strength, adaptation of the training methods, and the evolution of the costs by sector of the investment programs in progress and planned.

We are the NATO country with the highest percentage of personnel costs.

Action Taken on the Joint Commission's Conclusions

[Question] The Joint Commission, bringing together members of Parliament and high-level officers, met for several months last year. Is the minister of national defense already applying the first conclusions reached by this Commission?

[Answer] The interim report submitted by the Commission in question made possible a budgetary adaptation for the year 1981 so as to approach the 45 days of standard training, 180 hours of flying time and 83 days of service at sea recommended as norms. There has therefore been a positive result in this area.

The discussions relating to professionalization and to the problem of the ratio between the number of volunteers and of militiamen has not led to any concrete proposals.

11267

CSO: 3619/29

EQUIPMENT, ACTIVITIES OF AIR FORCE REPAIR WORKSHOPS DESCRIBED

Paris AIR ACTUALITES in French Dec 82 pp 30-34

[Article by Alain Dussaix: "Repair Installation ARAA 624"]

[Excerpts] In 1909, a few pioneers, at a time when they were considered daredevils, descended on the nearby Amberieu plain and laid out a landing field. A few fragile aircraft took to the air from the "Ain Plain"; crashes were anything but rare, but that was part of the game.

The Air Force Supply Service

Assigned the logistical support function of technical materiel, the Air Force Supply Service (SMAA) develops approves the maintenance regulations for this materiel, determines the repair and replacement needs, anticipates and assures the delivery of replacements, and defines and applies the administrative regulations. To maintain the availability and operational readiness of the equipment to the level required by its mission, the Air Force has at its disposal:

Stocks of equipment in the form of "spares" and "refills" ("spares": repairable equipment and materiel"; "refills": consumable materiel and equipment).

Military organizations capable of doing the maintenance work and the renovation of technical materiel. These organizations are the following:

--On one hand, the units stationed on the air bases, the operational units which do basic maintenance (called first echelon) and technical units which do more complex work or work which takes more time (called second echelon), all used without exceeding the capabilities of the base or the need for mobility capabilities.

--On the other hand, the higher echelon repair facilities, capable of applying direct and rapid support for a certain amount of operational equipment.

The SMAA has two repair facilities, one, ARAA 623 at Merignac-Beusejour, which specializes in environmental materiel, vehicles, assemblage of specialized equipment, arresting gear, etc.; and ARAA 624 at Amberieu-en-Bugey.

The Repair Workshops

The repair workshops, called overhaul shops by the Air Force (ARAA) are descended from the maintenance units called the third echelon, which existed previously at a point between the armed forces and the industrial repair personnel. These establishments, reduced to two at present, have as a primary mission being ready to participate in maintenance operations with the operational units of the armed forces at any time. For that reason, their specialists are ready, year round and with a minimum response time, to help upon demand in France or overseas. These detachments of specialists, called mobile teams, constitute the elite operational personnel of a repair or general overhaul activity who repair operational units according to their individual competencies and also sub-assemblies or other components outside of their support mission.

The workshops contain the necessary environment for their operation: administration, quality control, data-processing control, storage and distribution, stocking of spare parts, planning studies, and personnel administration.

The workshops are physically placed on an air base attached to the aerial region. The directors of the workshops are also the base commanders. This territorial support assures the protection and defense of the site, transportation, feeding, and lodging of personnel, financial and accounting administration, medical service, social service, and communication.

The ARAA at Amberieu-en-Bugey

Today the Air Force Repair Shop (ARAA) number 624 is a veritable equipment clinic, for ground equipment as well as equipment on aircraft. Having considerable resources, it accomplishes major overhauls and repairs a vast range of equipment, from the two way radio sets to different kinds of ground radars, by checking the printed circuits with the aid of a data-processing device.

The Colonel Chambonnet d'Amberieu-en-Bugey Air Base, situated in the region of Lyon, has a population of 1,200: 300 support personnel, and 900 belonging to the repair establishment; a large majority of them are highly qualified military and civilian technicians.

The Assistance of ARAA 624

The complexity of operational equipment limits the repair capacities of air bases. When the needs become greater than their competence, the mechanics call upon a higher-level repair facility which, for certain equipment, is ARAA 624. The specialists can come to their aid, depending on the distance of the base, within 48 hours of being notified of the problem. Mobile teams, whose mission is to ensure the repair, in as short a time as possible, of equipment indispensable to operational bases (landing radar, radio-navigation equipment, 20 millimeter two-barrel cannons, etc.) have at their disposal methods adapted for technical repairs (access methods, tools, test benches, etc.) and also for transportation (heavy vehicles and pickups).

The personnel of the assistance teams are chosen from specialized shops. Their primary mission is in constant evolution; in the near future, ARAA 624 will be able to maintain the new Centaure and Aladin landing radars and the Crotale system.

Its Shops

Within ARAA, the repair shops are numerous and varied. At Amberieu, the organization makes the best and most rapid repairs possible. "We must be operational," is the motto of one shop chief. The GAT (Technical Shop Group) is composed of a standard system which can be assimilated into a large GERMaC (a standard equipment maintenance and repair group--vehicles for example--and specialized shops divided into five principle divisions: radio, electro-magnetic detection, electric-hydraulic instruments, measures and calibration, and ground to air armament.

The standard equipment shops which we indicated could be assimilated into a large GERMaC are those which exist to fulfill a support function for all air bases. They contain very diverse facilities such as sheet metal shops, general mechanic shops, wood shops, paint shops, vehicle maintenance shops, etc. The specialized shops are in charge of repairs for mechanical, hydraulic and electronic equipment mounted on aircraft and analogous equipment used on the ground, for aerial navigation, communications, and base defense. They also can make special tools on request.

Each one is assigned the repair of a precisely specified piece of equipment. These specialists are capable of checking a piece of equipment completely and finding the smallest irregularity in its operation, using modern techniques and relying heavily on electronic and data-processing methods.

All of the specialized shops are highly competent. To better understand the work which has to be done, let us take, as an example, the servo-control shop. The techniques used in this shop require dust- and climatically-controlled air at 20 degrees centigrade. In this "clinic" the power devices which move the control surfaces of the Mirage III's and IV's are disassembled, repaired, checked, and reinstalled. These devices, when used under ordinary conditions, undergo pressures up to several tons, so it is necessary to make repairs when the reliability is at a maximum. The activity in this shop has been constantly increasing during the last few years.

We might also mention the complete overhaul of radar sets. These sets must be overhauled after 10,000 hours of operation; the work requires great competence from ARAA personnel, in order to avoid more frequent, and, as a result, more burdensome repairs. It is not possible to imagine overhauling a radar set every year.

Calibration

In addition, the ARAA at Amberieu is the center for the calibration of all electronic measuring instruments of the Air Force. From a laboratory with master calibration references, four, and soon five semi-trailers leave all during the year for air bases, with portable calibration apparatus, to recalibrate their measuring devices.

This activity is being extended to measuring devices for automatic test benches associated with armament systems.

The Perspectives

Though organized the same as all other air bases, the one at Amberieu is not exactly the same as the others; it is important because of the presence of ARAA and the assistance it gives because of its specialized equipment.

It is an operational base of a special type because it belongs to the Air Force Supply Service which, to satisfy the technical needs of the complex systems used by the Air Force, provides it the means to ensure the completion of its mission. Air Force headquarters decided in 1979 to augment the capabilities of Amberieu over a period of 5 years by adding about 80 specialists and by building modern shops, thus showing its interest in workshops which repair electronic devices and other equipment.

[Material From Box] Equipment maintained by ARAA 624

Electronic and telecommunications equipment (flight and ground)

--Navigation: VOR, tacan, radio-equipped distress buoys, goniometers

--Communications: UHF, VHF, HF, BLU equipment, wire connected and wireless beans, automatic switching devices

--Electromagnetic detection: surveillance and approach radars (SRE, PAR, SPAR), secondary radars (IFF)

On-board equipment

--Electric: variometers, altimeters, gyroscopic equipment, sights

--Hydraulic: servo-controls, pumps, electric switching valves

--Fuel: valves, pumps

--Armanet equipment: 20 millimeter, double-barreled cannon (except for mounts), armament loading carts and landing wheel hitches, gunsight heads, Mirage, Jaguar, Alphajet

--Measuring devices: on site adjustment of common electronic measuring devices

12230

CSO: 3519/247

BRIEFS

HEAVIER TANK FOR EXPORT MARKET--The existence of the AMX-40 tank, which we revealed in our issue n° 10, was recently officially confirmed by the French Defense minister. Heavier, at some 43 tonnes, than previous French tanks, the AMX-40 is mainly intended for the export market. It is to be powered by a 12-cylinder turbo-charged Poyaud V12X diesel engine, rated at 1,100 ch; linked to an automatic gearbox allowing gear change under torque, and hydrostatic power steering so as to endow it with a large measure of mobility in all terrains; GIAT, responsible for development, is aiming at a 25hp/tonne power-to-weight ratio. Six road wheels will be fitted, suspension will be by large stroke torsion bars, and ground pressure should be less than that of the AMX-32. Weight in combat configuration will be 43 tonnes, with comparatively small dimensions (total length 10m, hull length 6.9m, width 3.3m). The AMX-40 will mount a turret derived from that developed for the AMX-32, allowing firing on the run against mobile targets as well as night firing and emergency operation. Ammunition (37 rounds, including 15 in the turret) will be stocked in a separate compartment, and loading will be semi-automatic thanks to a loading-assist device. Secondary armament will include a coaxial, 20mm automatic weapon with independent elevation, and a 7.62mm machine gun fitted to the commander's cupola. Particular attention will be paid to the armour protection, which will be of the spaced composite type, it is specified that frontal protection will withstand all infantry anti-tank weapons as well as a hit from a 100mm anti-tank round. NBC filtering and a high-performance fire extinction equipment will be fitted, as will self-test devices intended to ease maintenance and speed detection of system failures. It is very likely that the first prototype of the AMX-40 will be exhibited at the next Satory exhibition, next June; first production tanks could be delivered from 1986. [Drawing of the new AMX-40 battle tank being developed by GIAT for export. Its similarity to the previous AMX-32 model is readily apparent, and the armament is the same as the AMX-32/120.] [Text] [Paris DEFENCE ARMAMENT in English Dec 82 p 7]

ARMS EXPORTS FOR 1982--During the first half of 1982, French arms exports reached 2,400 million francs (\$3,500M) as against 33,800 million francs for the whole of 1981. Of this total, 19,200 million francs concern the aeronautical sector (against 18,100 million), 5,500 million for land equipment (against 18,100 million), and 1,700 million francs for naval armaments (3,900 million). The geographic breakdown of customers is as follows: 5.5% for North America and Western Europe, 83.5% for the Middle East and Maghreb, 2.5% for South America, 3% for the Far East, 4% for Africa and 1% other. [Text] [Paris DEFENCE and ARMAMENT in English Dec 82 p 8]

C-22 REACHES HIGHEST ALTITUDE--During its 16th flight test, Aerospatiale's C-22 drone target aircraft reached, for the first time, an altitude of 12,000m and a speed of some 0.9 Mach. Manoeuvrability of the C-22, especially during a tight, high-g turn (5.5g. 450 degrees) was confirmed. Intended to replace the previous CT-20, of which more than 1,500 have been sold to date, the C-22 takes off with two auxiliary booster rockets, which are dropped after 1.25 sec of flight. Cruise propulsion is by a Microturbo TRI 60-2 turbojet rated at 370 daN thrust. [Text] [Paris DEFENCE and ARMAMENT in English Dec 82 p 13]

CSO: 3500/11

CHANGES IN ARMED FORCES LEADERSHIP REPORTEDLY PLANNED

Athens ELEVTHEROTYPIA in Greek 31 Jan 83 p 1

[Article by Sp. Karatzaferis]

[Text] All armed forces generals are coming up for review in February and approximately 40 field grade officers of the army, navy and air force will be retired. The review is a normal yearly procedure for the renewal and development of armed forces cadre and will be followed by the review of superior and junior officers which will begin in March in accordance with the law.

The generals' review comes first so that the remaining officers will be reviewed by the new armed forces leadership that will result from the annual selection.

Despite the fact that the government is maintaining complete secrecy on the expected review of the military leadership, some information has leaked out, according to which:

1. The chief of the army, Lt Gen Panagopoulos will be retired and Lt Gen Kourkafas, now army commander, will become head of GES [Army General Staff].

In this case, deputy chief of GEETHA [National Defense General Staff] Lt Gen Karavanidis and two more lieutenant generals will be retired.

2. Navy chief Vice Admiral N. Pappas will remain at his post. No noteworthy retirements are expected in the navy, since changes took place early a few months ago, with Pappas' promotion following the Kapetos resignation.

3. The promotion to chief of GEETHA of air force chief Air Marshal N. Kouris, as well as the retirement of Admiral Degiannis are under study. In this case, Air Marshal Khatziris, chief of TAD [Tactical Air Force], or Air Vice-Marshal Apostolakis (who is the youngest air vice-marshal) would become chief of the air force.

There is general agreement on promoting Kouris to the position of GEETHA chief, but his promotion presents a number of technical difficulties. Through a series of retirements, the right had weakened the top ranks of the air force and superior officers are all too young.

If Air Vice-Marshal Apostolakis is finally selected, then officers ranging in age from 35 to 40 will become air marshals, air vice-marshals and air commodores.

Thus, the option to have Kouris remain as chief of GEA [Air Force General Staff] for one more year, to be then promoted to GEETHA chief, is being studied.

However, the most plausible version is that he will be made GEETHA chief at this time and that Air Vice-Marshals Deligiorgis, Trakakis and Dimakogiannis will be retired.

CSO: 3521/179

POLITICAL, MILITARY QUESTIONS ABOUT TROOPS TO LEBANON

Lisbon TEMPO in Portuguese 20 Jan 83 p 18

[Article by F A, Expert in Military Affairs]

[Excerpts] In spite of some lapse of time, the article below (which cannot be published in its entirety because of space limitations) addresses a subject still of interest to the general public, and that is the reason we are carrying it in our newspaper today.

The official invitation made to Portugal for us to send troops to Lebanon is undoubtedly an unprecedented event in the recent history of Portugal and one which therefore should be regarded as highly significant.

Although the decision of the government on this great matter is not yet known, it will not be an idle exercise to try to analyze it in light of external and internal effects which it could bring about; and, in this context, the military, political and economic aspects which such a decision involves.

The first inference to draw from an invitation of this type undoubtedly is its highly honorable character for our country and for our FA's [armed forces].

This mark of honor cannot, however, be dissociated from the political factors upon which it certainly is based: it is not strange that it is connected with the present position which Portugal occupies in the world; that, in spite of continuing to belong to NATO, our country maintains good relations with countries of other ideological spheres; that it enjoys the ties which link us to our old colonies and that it is trying to strengthen even more the bonds which we already maintain with the Third World.

On account of all that, the first reaction to such an invitation naturally is that it is a big opening because accepting the invitation would give us the opportunity to show that Portugal is a valid participant at all levels.

Nevertheless, the costs of accepting this invitation in the domestic sphere can make this decision an extremely dangerous one. But we are going to look at the problem from different angles so that it can then be regarded in a straightforward manner.

At any rate, it is not hard to see that for an intervention of this type we are not talking about either of the subjects most often studied in the military schools--classical warfare and subversive warfare. For this sort of thing it will be indispensable to deploy an elite unit capable of adapting rapidly to the situation. That means putting in part of the forces of the Santa Margarida (all those suited for classical warfare) and putting special troops in the front lines, particularly the commando and parachute units because riflemen are more suited for missions of a specific type.

In regard to the number of troops involved, we will not go far astray from the more realistic estimates if we consider the battalion echelon as the largest which we would be able to deploy. And even then we would have reservations about the hard job the tactical units would have in mobilizing these troops.

Finally, we must address the logistical questions which would arise with an operation located thousands of kilometers away and with a duration which still (we suppose) is indefinite. This would render problematical, even precarious, the installation of the means indispensable for providing these troops with living conditions adequate for guaranteeing the maintenance of their operational capability.

And thus we come logically to the question of the high costs of such an operation which, according to all indications, should be supported by the native country of the troops involved, that is, by Portugal. We believe that at this point the question should have been definitely resolved because we do not have on hand the equipment necessary for outfitting that force (and therefore we would have to acquire it). Likewise the maintenance of that force would exact still more sacrifices from the Portuguese people at a particularly difficult time which we are all experiencing every day.

Finally, the political questions which certainly will be posed at the national level: The first is that Portugal still is far from being a stabilized democracy, still keeping herself occupied in a permanent electoral campaign (a campaign in which we completed one more chapter last Sunday [16 January], this one susceptible of opening the way for new "episodes"). This situation makes it extremely difficult for the government to risk accepting such a task, however, honorable it may be. The second reason is that we would have to move into a new situation in which we would have Portuguese troops engaged in a war which is not ours (this means, not of our native country). Since it is no more than an episode in a struggle to gain power in a particularly sensitive area like the Middle East, our public opinion would be particularly sensitive to the eventual losses of human lives. To cite a final reason, the precedent would open up the possibility of new interventions by Portuguese forces in other hot areas of the globe for which we are even more suited--and we are referring, as is obvious, to the possibility (as a matter of fact, it has already vaguely surfaced) of seeing ourselves more directly involved in the complex questions of Namibia.

This has been a simple treatment of this problem, the discussion of which we naturally make no pretension of having exhausted. We also could not do this because we do not possess the data which would allow us to treat the subject in greater depth.

MILITARY

PORTUGAL

BRIEFS

AZOREAN FEARS OF U.S. 'OCCUPATION'--The International Affairs Committee of the Azorean Regional Assembly has just completed a report stating its fear that "national territory" may become transformed into "a veritable network of bases in support of the North Americans." This committee is opposed to separating the negotiations for renewing the Lajes Air Base agreement from other discussions regarding military use of Portuguese territory. The Azorean advocates believe that compensation for the use of Lajes should be increased and made adequate in keeping with the strategic value of the archipelago and the need for its development. Besides this, the committee is recommending to the regional government that the latter study with the greatest urgency the problem of the defense, shelter and possible evacuation of the Azorean people in the event of an armed conflict [Text] [Lisbon: O DIA in Portuguese 20 Jan 83 p 14] 9972

CSO: 3542/20

AROZARENA FOCUSES ON MILITARY UNITY, DISCIPLINE

Madrid EL PAIS in Spanish 22 Jan 83 p 14

[Text] The captain general of the 1st Military Region, Lt Gen Ricardo Arozarena Giron, who on 27 January will retire, took leave yesterday of the units under his command in an official function held at the Marques de Leganes barracks of the Saboya No 6 Motorized Infantry Regiment belonging to the Armored Division. In his farewell speech, the general asserted among other things that "without discipline armies are no longer armies." In the same function General Arozarena presented the Medal of Military Merit to Cpl Juan Carlos Villalba, who was wounded as he was driving the automobile in which Gen Lago Roman, head of the Armored Division, was assassinated on 4 November 1982.

The function, which was attended by the military governors and heads of the units belonging to the 1st Military Region, got under way shortly before 1230 hours with the arrival in the parade courtyard of the above-mentioned barracks of Gen Ricardo Arozarena Giron, to whom the companies of the two motorized battalions making up the Saboya Regiment under the command of Col Garcia Escamez presented arms.

After reviewing the troops in the company of the military governor of Madrid, Gen Portillo Togores, Lt Gen Arozarena Giron presented the Military Medal, with bar, to Cpl Juan Carlos Villalba, promoted two weeks ago.

The captain general and the decorated corporal placed a wreath of flowers on an altar located on the parade ground in honor "of those who gave their lives and their illusions to Spain," according to the statement made by Col Garcia Escamez. Subsequently, those attending the function sang the infantry Hymn and finally General Arozarena, accompanied on the same dais by the chief of the Armored Division, Gen Pedrosa Sobral, reviewed the parade of troops who did him the honors.

Loyalty and Discipline

Later in the barracks' functions room the general in charge of the 1st Military Region's headquarters read General Arozarena's order of the day while the military governor of Madrid said a few words noting that the captain general of the 1st Military Region had devoted all his life to serving Spain and that the high command would know how to use his talents in assignments even more important

than those had had accomplished so far. It is appropriate to note that in military circles it is rumored that Arozarena Giron could soon become an adviser of the minister of defense, whose good friend he is.

Immediately thereafter the captain general of Madrid took the rostrum. He said that he had wished to say goodbye to the Saboya Regiment because that is where, 42 years ago, he had held his first post as captain. He added: "I would like to exhort you to maintain unity among you, loyalty to each other, and that of all of us to our supreme leader, King Juan Carlos, considering that the Army is, within the established legal order, at the service of Spain and of those national values and goals which, because they are permanent, must be common to all Spaniards."

Later on General Arozarena said: "Don't forget ever that to command is to serve the entire nation and that a command is as important as to make oneself obeyed and to respect is to make oneself liked since without that discipline, without which armies are not armies, will have a merely formal aspect." Finally, he recalled all his comrades "who fell in the line of duty, with special mention to General Lago." Gen Ricardo Arozarena Giron concluded his comments by hailing the army, the king, and Spain, reechoed by those present at the function.

Cpl Juan Carlos Villalba told this newspaper: "The decoration that I have been given by my superiors implies that I did what I could during the attack. I regret that I did not have time to try to save the general. I heard the shots, I felt a sting on my brow, and when I turned to look at the back seat it seemed that the general was already dead."

The captain general of the 3rd Military Region (Valencia), Lt Gen Rafael Allendesalazar, made some statements to the EFE NEWS AGENCY in which he noted among other things: "The change [in government] widely approved by the Spanish people has been well received by all the armed forces which, obviously, understand the difficulties of the economic-political situation of the moment but have faith in the Spanish peoples' capacity to surmount difficult times."

2662

CSO: 3548/116

U.S.-MOROCCAN TIES SEEN THREAT TO CEUTA, MELILLA

Madrid EL ALCAZAR in Spanish 18 Nov 82 p 13

[Article by Ramiro Santamaria]

[Text] A few simple maneuvers having no military significance whatsoever on the shores of Er Rif, more specifically on the outskirts of Cape Kilates, have caused an uproar. The military exercises involving half a dozen U.S. and Moroccan battalions do not take on serious proportions in the military sense. To find the objective, we must examine them within the North African context of international politics where, whether we like it or not, Spain is deeply involved because of its indisputable, and nonnegotiable, presence in Ceuta and Melilla, plots of land that are not part of Spain or part of this or that political party, and at the same time are part of Spain, pieces belonging to our national unit.

Nevertheless, in the face of the now widely known Moroccan demands for our cities, we cannot ignore the location of the joint maneuvers in a country with large extensions of coastal territories. For both strategic and tactical reasons, the beaches near the one-time Spanish province of Sahara would have been more adequate, where the threat of the Polisario Front and of those behind the so-called Saharan Democratic Arab Republic looms large. So why a few military exercises having a more symbolic nature on the outskirts of the Island of Alhucemas and the Rock of Velez de la Gomera? We must consider underlying intentions and conclude that both Melilla and Ceuta cannot be manipulated in any way, not even by a presumptuous threat of force. In my opinion, [the above-mentioned events] as well as the increase in the seizures of our fishing boats are due to well-conceived plans that could be expressed with what in diplomatic language is called "extortion".

Hassan Requested Aid

It is therefore logical that the feudal and inconstant King Hassan II, a friend of Spain when it suits his convenience, who is faced with serious internal problems, should be disquieted by the PSOE [Spanish Workers Socialist Party] access to the government. This party is a friend of the Polisario Front and has close ties with the Socialist Union of People's Forces (USFP), headed up

by the republican Abderraham Buabid, who controls the masses of the Democratic Confederation of Workers, who set off the strong blow wielded in Casablanca in July of 1981. It has been stated that in the power of the Lebbeh--the Moroccan military intelligence service--there exists proof of contact between Moroccan and Spanish socialists, who are in favor of dethroning Hassan, who rules from the Mechuar with an iron hand. Socialist Algeria, France, and Spain have driven the Alauite monarch to ask for support from his powerful American allies, for reasons more related to maintaining his position on the domestic front than to strengthening his position abroad, which is totally improbable.

American support for Morocco is more decided now than ever. Since late 1981, due to Spain's internal situation and the weakness of the UCD [Union of the Democratic Center] both at home and abroad, Washington, under the Reagan administration, decided to usher in a "belle epoque" with Morocco, which was pressured by the Pentagon and in February 1982, saw the visit of then Secretary of State General Alexander Haig. Among the agreements signed was the reopening of the U.S. bases on Moroccan soil that were never dismantled and also the supply of modern materiel to the Moroccan Army. Washington, which has always dreamt of setting itself up in the Strait of Gibraltar to bottle up the Russians in the Mediterranean, gave priority to its old bases in Morocco, and put its bases in Spain second on the list, in spite of the dangerous course that events were taking in our country.

Disastrous International Policy

The minor stir caused by the U.S./Morocco maneuvers in the Er Rif area has once more put Ceuta and Melilla in the spotlight, protected by international whims and whose defense has only been entrusted to the patriotism and integrity of the Spanish people, since the politicians holding to the consensus did not know or could not know that those whims were part of the NATO defense plans where, Look out!, the Moroclant department has taken the place of the Iberiant department. Neither do we feel that the politicians that negotiated the new pact with the United States made a mistake when they managed to include Ceuta and Melilla in the defense plans. It is sad to state this in the face of a disastrous international policy whose main instrument was none other than weakness.

It is interesting to read an article entitled "The U.S. in Search of Morocco" in the Moroccan magazine LAMALIF. Perhaps within it is the key to the Alhucemas maneuvers, which have given us an overview of the closing of the ties of strategic interest, to the detriment of relations with Spain, located to the north of the Strait of Gibraltar. A strongly armed Morocco which would also have the support of the United States constitutes a potential threat to Ceuta and Melilla.

"The March of the Turtle"

Barring unforeseen circumstances, we can safely discard the chances of a warlike advance on our African territories, which does not seem to be in Rabat's plans, since they for years have been carrying out a very successful peaceful occupation of Melilla and Ceuta by means of the plan called "The March of the Turtle". This consists of a gradual Moroccanization of both Spanish cities. In Melilla, 25 percent of the population is now Muslim. In Ceuta it has been estimated that

some 30,000 Muslims now live, not counting the ones that are undocumented. This grave problem that it is absolutely necessary to curtail immediately is more far-reaching than a few symbolic and intentional military maneuvers.

Melilla and Ceuta have never been so realistically described as did L. Gallego when he stated: "A few hundred Jews, several hundred Indians who day by day increase their economic potential, a significant colony of Moroccans who follow events closely and display their symbols on the streets; a variety of foreigners who do not know what they want; some military forces who button their lips when they are questioned and say curtly that they have nothing to say, which in itself says a lot; and a Hispanic majority that feel manipulated and wonder what will happen to their lives."

At this time, as we contemplate the future, the commanding generals of Ceuta and Melilla stand out against the backdrop of North Africa in a special way. The special conditions of both cities logically makes it necessary for them to have a military commander at the top, but not to the detriment of civil authority. Without the presence of the soldiers in the right place, in the future there cannot be a complete and effective defense of the Spanishness of two very beloved pieces of Spain, which are part of our heritage of unity, dignity, and national honor.

9983

CSO: 3548/37

SURVEY OF SHORTFALLS IN SPANISH NAVY

Madrid EL PAIS in Spanish 19 Jan 83 p 4

[Article by J.L. Perez Regueira: "Shortage of Resources in the Spanish Navy"]

[Text] "The number of units in the Spanish Navy is desperately few" even though in some Spanish vessels the technology on board is equivalent to that of other NATO navies, an authorized military spokesman noted.

The hope for the future regarding antisubmarine warfare, according to a spokesman of the Navy's general staff, is premised on the construction of the FFG-class frigates "with a detection system similar to that of United States craft on the same type" and which are equipped with antisubmarine search and attack helicopters, all of them endowed with a technology adequate for the military prospects of the 1990's. The construction of three craft is envisioned, which could be increased to five and which would enter service around 1986.

As far as surface vessels are concerned, the Spanish Navy's antisubmarine warfare capability is limited to 10 destroyers, "all of them very outdated," 5 frigates whose technology is "adequate for the time being," and 6 corvettes "which have a capability to operate near the coast." Also, "a certain number of helicopters," the spokesman added.

Regarding attack submarines, Spain has four of the "Daphne" class and four of the "Agosta" class--under construction. The frigates of the DEG class in service are equipped with two types of antisubmarine torpedo missiles in addition to antiaircraft missiles for their defense.

Spain lacks nuclear-powered submarines. All Spanish submarines are equipped with diesel engines and a detection system and carry torpedoes. Such submarines have limited diving capabilities, but, given their size, can be used in antisubmarine warfare.

Such precariousness in the resources of the Spanish Navy was mentioned by Adm Saturnino Suanzes, the Navy's chief of staff, in his speech at the military celebration on 5 January 1983.

On that occasion the Spanish admiral quoted figures indicating that 92 percent of our foreign trade is transported by sea and that 50 percent of our naval units which, in case of war or as a deterrent, would have to protect that traffic, are at least 25 years old, a fact which is unusual in any Western navy.

The growth in Soviet power in submarine capabilities "has caused major concern in the Western navies," the above-mentioned military source noted, adding that the antisubmarine warfare projected in the future cannot be effected unilaterally. "It is a question of many craft having to exchange instantaneous data."

Technological Advances

Technological advances have favored a change in antisubmarine warfare on the basis of new systems of detection of the potential enemy submarine. The use of computers for localization can achieve extraordinary precision. It is possible to detect almost any vessel according to the specific signature of its propellers. Involved is the system of passive detection which appears to be the one mandated by modern warfare.

The Spanish Navy "is in the same line of endeavor," the authorized military source noted, "and has moved in this direction" so that its system of detection will be compatible with those of the Western navies. All of this applies because "once a system of defense is selected it is not economically or realistically feasible to change it for another."

The goal of the Spanish Navy is to nationalize as much of the production of weapons proper as possible, while recognizing that self-sufficiency is impossible. Precisely while the technological caliber of some Spanish naval craft parallels that of NATO navies, this is not true in the case of arms production proper.

In any form, the present intentions of NATO are the establishment of international cooperation programs among our allies.

As for the strengthening of Spain's naval resources, indispensable for the effective control of the Straits [of Gibraltar] region, of unquestionable international strategic importance, "it depends on the resolve of the Spanish Government" to allocate those means that will enable our navy to fulfill such an assignment.

Regarding the improvement of Spanish naval units, "the frequency of naval exercises is bound to the energy crisis" and there are no prospects that the number of maneuvers will be increased because they involve the consumption of large quantities of fuel.

2662

CSO: 3548/104

BILL TO ADJUST LENGTH OF MILITARY SERVICE

Madrid EL PAIS in Spanish 20 Jan 83 p 12

[Excerpt] The Minister of Defense, Narcis Serra, will explain tomorrow, 24 February, the main features of his department's legislative plans to the Defense Commission in the congress. Among those that will make up the development of Organic Law 6/1980, on the basic criteria of defense, the one related to the Military Service Law stands out because of its foreseeable, urgent procedure, whose upcoming presentation Serra announced yesterday in Palma de Mallorca and which will include a reduction of service time to nearly a year, according to sources in the Ministry of Defense.

Despite the fact that the aforesaid organic law was published in the OFFICIAL STATE BULLETIN on 10 July 1980, prior governments did not send any plans on the 12 big laws to parliament which will develop the initial standard. In April of last year and in the course of a meeting of the congressional Defense Commission, a socialist resolution was approved by which the government remained committed to take the necessary steps to obtain the 12 plans before year's end, despite which the commitment was not fulfilled.

The legislative package includes plans dealing with laws about pay, military organization, national defense, civil defense, restructuring of staffs, industries of interest to defense, military training, military service, national mobilization, role of women in defense, the military justice code and armed forces government. Throughout the meeting with the congressional Defense Commission, Narcis Serra, will explain the order of priorities in the presentation of all these plans. As regards the future military service law, suffice it to recall that the Catalanian minority last December presented a proposed law to the parliament in which it is shown that military service ought to be fulfilled in the district of the recruit's residence, sets the time at 12 months and lowers the age of entry to 18 years.

For their part, knowledgeable government sources on the matter have said that the plan for the military service law is already finalized and that its provisions will not force the place wherein it should be fulfilled, but that in any case it will open the possibility of being able to fulfill it in the districts of residence. The same sources added that the plan tends to set one year as the period of service in lieu of the present 18 months and to lower the age for obligatory service now set at 21 years of age.

Also, according to the same sources, the current plan picks up the principal aspects which will govern the so-called "long term voluntary enlistment." Youths who resort to that will be able to sign contracts to remain in the army for several years in exchange for definite economic benefits. Through this new system, those having responsibility in the Ministry of Defense are trying to raise the level of professionalism among the troops. In the case of the land army, and it has already been said on several occasions, an attempt is being made to reduce the number of men, but to improve their specialties.

On the other hand, regarding specialized measures, it has been stated that the Ministry of Defense has also foreseen sending a proposed payment law soon to the parliament, for which great expectation exists in the very depths of the armed forces because a good portion of its members consider themselves poorly paid, especially in comparison with officials in state civil administration.

On the margin of legislative plans related to the organic defense law, the head of the department wants soon to send the proposed law on the Special and Basic Promotion Roster for the army's air force to the parliament.

9908

CSO: 3548/117

ARAGONESE PARTIES OPPOSE EXPANSION OF U.S. ZARAGOZA BASE

Madrid YA in Spanish 14 Jan 83 p 11

[Article by Javier Ortega]

[Text] Zaragoza--The report of a possible transfer of the installations from the Torrejon de Ardoz base to that of Zaragoza has triggered various reactions in Aragonese official circles and among political parties. A Zaragoza newspaper published yesterday on the front page a story about the possible transfer of the above-mentioned U.S. base and noted that the issue could be discussed at a meeting on Tuesday between the minister of defense, Narcis Serra, and the mayor of Zaragoza, Ramon Sainz de Varanda. According to the said newspaper, the minister expressed his intention to go to the capital of Aragon to determine on the spot the problems that this transfer would mean for the residents of Zaragoza while the mayor, on his part, made available to the minister an extensive file which broaches not only those difficulties which have arisen so far in the coexistence of citizens with U.S. troops but also the offsets which the municipality of Zaragoza considers essential for the said transfer to occur.

Among other offsets, besides greater economic and cultural cooperation with the city, the installation of nuclear weapons at the U.S. base would be forbidden and there would have to be a guarantee on the exclusive control of the installations by the Spanish military command as well as over the Las Bardenas firing range. The possible dismantling of the Torrejon de Ardoz base is considered "acceptable" by the United States, even though this is not mentioned now in the Spanish-United States treaty. However, it is thought very probable that the issue will come up in the treaty's renegotiation. The said publication indicated that regarding the possible final fate of the Torrejon de Ardoz installations Zaragoza and Los Llanos de Albacete have been bargaining to date.

The Mayor Denies Talks With the Minister

After this report became known, the acting mayor of Zaragoza released a communique listing as merely accidental the meeting between the minister and Sainz de Varanda and denying the possibility of a transfer of the Torrejon de Ardoz base to Zaragoza. At the same time he recalled the position which the municipal government had always maintained against the presence of the base and favoring its dismantling, adding that in no case would alternatives be accepted that would endanger the safety of Zaragoza's residents.

The General Deputation of Aragon in the present government council will discuss the said issue and its chairman, Juan Antonio de Andres, had contacts this morning with the spokesmen of the political parties in the provisional assembly to secure data and information. Possibly the issue of the base will be taken up for discussion in the plenum of the provisional assembly. The political parties have expressed their blunt opposition to the transfer of the base.

In Torrejon de Ardoz No One Knows Anything

After being in touch with the municipal authorities of Torrejon de Ardoz, a council told YA that he had no news about the transfer of the base to Zaragoza and that the issue had not been discussed at the municipal level. In recent talks between the said councilor and an official of the American forces the matter had not been broached either. However, discussions are in process between the municipal government and those in charge of the air base to implement a new road project linking the city of Torrejon with the base.

2662

CSO: 3548/116

BRIEFS

SEP REORGANIZES--At the same time it is completing the final adjustments to the Ariane spacecraft, the European Propellant Company (SEP) is preparing to modify its management structures. Its president, Pierre Soufflet, has apparently decided not to replace Jean Meriguet, technical and operational director (one of the great architects of the French aerospace industry who is taking early retirement) and to opt for decentralization. Three operational divisions should soon be set up: powder propellants and multistage rockets, given to Pierre Betin (Bordeaux); liquid propellants and space, taken over by Yannick Le Corre (Vernon); and image processing, directed by Rene Morin. SEP employs 3,200 and its 1982 turnover was about 1.2 billion francs. [Text] [Paris LE NOUVEL ECONOMISTE in French 17 Jan 83 p 49] 9720

CSO:3519/287

CURSORY PORTRAIT OF JEWISH COMMUNITY IN SPAIN

Madrid YA DOMINICAL in Spanish 23 Jan 83 pp 8-9

[Article by Mariano Lopez Garcia]

[Excerpt] Constant Police Protection

Because of their historic past, the Sephardic Jews feel that they have Spanish roots, despite this interruption of almost 500 years, and despite the fact that religious sources regard the Jew who does not live in Israel as an exile, although he may enjoy full safety and well-being in the Diaspora. For the Spanish Jews, Israel represents a safety valve, a door which is always open and would welcome them if things go badly. And in recent years, "things" have become very ugly on many occasions for the Jews living in Europe.

In the streets of Madrid, it has not been very long since one could read graffiti saying things like "Seeking Jews for Making Soap." However, it was not these phrases but the wave of attacks launched in various European cities against Jewish centers which led to the fact that for the last few months, the synagogues in Madrid and Barcelona and the Jewish Secondary School in Madrid have had constant police protection. Four years ago, a bomb exploded in the Madrid synagogue, and at the present time, the threat of serious attacks like those which have occurred in France, Austria, Belgium and Italy still hovers over it.

Work and University

Despite the personal and community threats, the Spanish Jews pursue their lives calmly. In general, they do not conceal their Jewishness and do not feel that society discriminates against them. The majority of the 12,000 Jews living in Spain are working in the liberal professions, small industries and trade. Although there are no differentiated statistics, the family records maintained in each Jewish community make it possible to establish that the Jewish community has within it a higher percentage of members of the liberal professions than any other segment of the Spanish population of similar proportions. The same is the case with the Jewish families sending their children to the university. Among the 4,000 Spanish Jewish families, there are more university graduates than in any other 4,000 Spanish families selected at random. According to the data the Jewish community has, its

university graduates tend above all to go into medicine, followed, in second place, by engineering, chemistry and architecture.

The reasons for this inclination toward the liberal professions in particular and toward university studies in general have their basis in the biblical injunction to "teach your child" and in the age-old fear of expulsion. This fear has caused a reaction of solidarity and self-defense, which has been materially expressed in a financial inclination among the members of all the Jewish communities, and, naturally, that in Spain.

Financial Solidarity

The synagogues were put up thanks to the economic effort of all the members of the community. A budget is established, based on the contributions of all, and is managed by a group of persons democratically elected from among the members of the community. The large communities in Madrid and Barcelona had a budget last year of about 20 million pesetas each. This sum serves to cover the expenditures required for community activities, such as maintenance of the center, social events, celebrations or personal ceremonies, and also a series of allocations without expectation of repayment, for example for scholarships or medical aid. It is very common within the Jewish community for the common budget to pay for costly surgery required by residents or visitors to the community lacking economic resources. This is apart from the special contributions designed to provide funds for aid to Jewish communities abroad.

As Rabbi Hayim Halevy said in his book "The Jewish Being," "the noblest form of charity is contributing to the support of a person before he becomes poor, providing substantial aid in dignified fashion, giving him needed credit or helping him to find a job or establish a business, such that he will not be forced to become dependent on others."

Thanks to such financial solidarity, the Madrid community was able some years ago to convert an old day nursery located in a wealthy residential zone into an EGB secondary school to accommodate 200 young people, 65 percent of them Jews. Those young people in Madrid who do not attend this school and the Jewish young people elsewhere in Spain do not have among their subjects any study of the Jewish religion, due to their small number.

Jewish-Christian Relations and the Papal Visit

The relations between Jews and Christians in Spain are mainly the responsibility of the Jewish-Christian Studies Center, which was established in 1969 and was made a diocesan body by Cardinal Vicente Enrique y Tarancon in 1972. Its administration was entrusted to a congregation of nuns--the Order of Our Lady of Zion. This center has a double purpose: a more profound study of the roots of the Christian faith, on the one hand, and the pursuit of closer relations with today's Jews, on the other.

The pope's visit last year was an event of extraordinary importance to Spanish Jews. The Holy Father included within his crowded program of

meetings an audience with representatives of the Spanish Jewish community. That meeting began with a word uttered by the pope: "shalom," which means "peace" in Hebrew. John Paul II then stressed the need to pursue a dialogue with the sons of Abraham. He spoke of the movement toward rapprochement between Jews and Christians, and he further urged permanent and constructive relations. The representatives of the Jewish community, for their part, stressed, among other things, the importance of the meeting and the fact that Spain, which has had many eras of both tolerance and intolerance in the past, has again launched a new era of friendship and cooperation in the realm of Jewish-Christian relations.

Hatred Relegated to the Past

Some months prior to the pope's visit to Spain, the Spanish Jewish community welcomed with special gratification the amendment of the nationality law, the new text of which reduces the period of time required for Sephardic Jews to opt for Spanish nationality, if they so desire, to 2 years, thus placing Jews of Spanish origin on an equal footing with Spanish-Americans.

"We are at a point of unusual historical importance," said Samuel Toledano, secretary general of the Federation of Israelite Communities in Spain. "For the first time in the history of Spain," he added, "we Jews are accepted as citizens with full rights. The integration of the Jews in the Spanish community has come about naturally, and now we are not set aside 'a priori' because of our religion or our traditions. Almost 500 years have passed since the expulsion, but it seems that finally the wound has healed. Now we have no fear of expulsion and it does not even occur to us that this could happen in the new Spanish society. Hatred has been relegated to the past."

5157

CSO: 3548/142

BASQUE CHURCH TO REMAIN WITHIN SPANISH EPISCOPATE

Madrid ABC in Spanish 28 Jan 83 p 40

[Article by Jose Jesus Arroyo]

[Text] Valladolid--"If there is a Basque people, there is a Basque church," the bishop of San Sebastian, Msgr Jose Maria Setien, said in Valladolid during his speech at the Eighth Theological Week organized by the Faith and Development Institute. In the view of Monsignor Setien, the greatest threat to the Spanish church lies in the temptations of mimicry and power. He said that "there is a risk of politicization and rejection of the characteristics inherent in the evangelizing church."

When asked about the special nature of this Basque church he advocates, he said that "we are members of the Spanish Episcopal Conference and there have never been tensions in this connection. We have not urged the subject of autonomy and I am not an advocate of creating a problem which does not exist today." Speaking of terrorism and the situation which the Basque people are experiencing, he asserted firmly that he is a partisan of peace, stating that "the church is not beginning to combat terrorism now, but has for some time been pursuing an important mission of pacification, since we too aspire to the goals of justice, freedom and recognition of our rights as a people, but via democratic paths."

He referred to the harsh appeal made to the kidnappers of Orbegozo, stressing that it was made "without anything which could involve a feeling of hatred," and in conclusion, he denied that the Basque people live under the oppressive burden of terrorism. "It is a serious problem, but the Basque people are trying to live their lives. They love life and are dealing with the situation."

Church Independence

The Eighth Theological Week being held in the capital of Pisuerga was inaugurated by Cardinal Tarancon, who said: "Whoever is in command, the church has a task to carry out, and it seems to me important that society note how we bishops are not mixing in politics."

Cardinal Enrique y Tarancon believes the church is gradually adapting to the profound change seen in society, which forced the holding of Vatican II. Therefore, and despite the fact that "in the last days of the old regime

there was a lack of synchronization, misunderstandings and conflicts between the church and the state, we have always been prepared to adapt ourselves to the requirements of the modern world and social trends." When asked about abortion, the archbishop of Madrid announced that an official statement may possibly be made next Saturday, and he added that "this matter has been absolutely clear since the doctrine of the church has not changed one iota and continues to support respect for life, because life is sacred and is in the hands of God."

He did not wish to assess the work of the government because he believes he should not go into political matters, but he recognized the important role played by the Spanish church during the political transition, and concerning the independence of the church from the temporal authority, he concluded by stating that "with the church thus left free to fulfill its mission, there is no reason for the existence of any fear of interference."

He discussed the pope's trip to Spain, describing it as very positive, and concerning criticisms about the excessive expenditures it required, Msgr Vicente Enrique y Tarancón stressed that a large part of the budget was contributed by the faithful, and that "the political parties spend much more on their campaigns and no one is horrified. Moreover, it must be borne in mind that the pope is a chief of state and the government must make the logical compromises."

In the address he delivered yesterday within the framework of the Theological Week, Jose María Martín Patino said that "it is regrettable to eliminate penalties for abortion because I do not believe this is an urgent issue in terms of the ethical change in society."

He denied that the church is a de facto state, insisting that "it has no reason to play any role in the sphere of political power." In this connection he said that "the church should enjoy religious and confessional freedom within a constitutional framework, because it has a right to express itself in public life and in the social institutions."

Concerning the role the church is playing currently in Spanish society, Jose María Martín Patino noted that "without having concrete political models, it inspires social projects but does not implement them, since the Gospel suggests neither economic nor political systems."

5157

CSO: 3548/142

SOVIET ESPIONAGE IN SWEDEN STRESSES INDUSTRIAL EFFORT

Stockholm 7 DAGAR in Swedish 30 Dec 82 pp 13-15

[Article by Matz Gezelius and Claes Loftren: "The Spies Who Got Sweden to Raise its Voice"]

[Text] Three Soviet citizens have been ordered to leave on suspicion of espionage. That is a vigorous measure that has been taken by Sweden--a measure which also is intended to show the western powers that we will not connive at Soviet espionage directed against strategically significant microelectronics matters.

The bareheaded man in the long, black overcoat walked with rapid steps toward the blue railroad car marked "SSSR" in light-blue letters. He gave clear indications of irritation at being observed and tried to conceal himself behind the little child he was holding in his left arm.

His name was Pyotr Skirokiy, a 35-year-old first lieutenant in the Soviet Red Army. He was the military attache in Stockholm up until Christmas. He was a loquacious, friendly person, eager to make contacts, who spoke fluent Swedish with picturesque grammatical mistakes and errors in inflection.

When he walked with a few quick steps from the embassy's black limousine to the waiting train at Stockholm's Central Station on Tuesday, he was an undesired person--a persona non grata.

Another undesired person, the Soviet consul in Goteborg, Yuri Averin, also left the country discreetly on Tuesday. A third Russian, Anatoliy Kotyev, had already left Sweden on Saturday. Kotyev was employed in the Soviet ship registration office in Goteborg. He was the third individual who played a leading role in the industrial espionage network which the Swedish Security Police had started to roll up four months earlier.

The Security Police's investigation produced three thick memoranda, one of which was considered so sensitive that it was only read by a few key people in the Ministry of Foreign Affairs and the Chancellery. Exactly what activities the three Soviet citizens were engaged in carrying out is being kept secret for many reasons, but it is clear that the three individuals were working together to establish contacts with engineers and technicians in sensitive positions in important Swedish high technology enterprises systematically.

Established Their Own Contacts

Collecting technical and military information, in itself, is the activity diplomats from all countries are engaged in. But it has to be done according to the rules laid down in international relations. In the words of the Ministry of Foreign Affairs in its laconic press communique which followed the expulsion, the diplomats had "engaged in activities that were in conflict with their diplomatic mission."

Among other things, Pyotr Skirokiy had evaded official channels, in violation of the existing rules, and attempted, himself, to establish contact with low-ranking employees on the defense staff. Together with Kotyev and Averin, he also had tried to obtain information from employees of enterprises which deliver products to the armed forces.

For the government, the whole affair was delicate and disagreeable for many reasons. After Submarine 137 went aground in Gasofjarden a little more than a year ago, relations between Sweden and the Soviet Union had been cool. They were not improved when Sweden felt itself obliged to refuse to allow Latvian deputy foreign minister, Nikolay Neyland, to enter this country and to ask the Soviet Union's vice consul, Albert Liepa, to leave the country after it became apparent that he had been carrying on espionage among Latvian exiles in this country for six years. Another irritating factor is the Soviet defector who jumped the fence surrounding the Swedish Embassy in Moscow on 15 September and is believed to be in the Embassy still.

The 13 year tug of war between Sweden and the Soviet Union over how the Baltic Sea is to be divided up into economic zones is only one reason why Sweden is interested in normalized, amicable relations between the two countries.

The Security Police's Double Agent

The information the Security Police succeeded in obtaining in regard to the nature and extent of the Soviet espionage directed against defense industries and key industries was so very serious that the government could not refrain from taking vigorous action.

According to what has emerged, the Security Police procured their decisive proof against the three Russians with the aid of a "double agent." One of the ten people the Soviet diplomats tried to recruit as agents pretended to "accept recruitment" but was working for the Swedish Security Police the whole time.

The "double agent" was supposed to be a big coup for the Russians. He held a central position in a sensitive portion of Swedish industry. The information to which he had access would have been very valuable to the Soviets.

Through the double agent and in other ways, the Security Police succeeded in getting a picture of the espionage that was going on. It was primarily directed toward obtaining information from enterprises working in advanced electronics and marine technology, and often with military applications.

The first member of the government to learn of the Security Police's suspicions was Minister of Justice Ove Rainer. A little more than a month ago, he got a detailed report on the case, and it was clear immediately that if all the information could be conclusively confirmed that would have to result in the government's taking steps. A few weeks later it was clear that the two diplomats had to be declared persona non grata, and that the third man, Anatoliy Kotyev--who does not have diplomatic immunity--would have to be deported.

Expulsions of diplomats are relatively rare in Sweden. The most usual case is notorious misbehavior--repeated drunken driving offenses, for example. The Minister of Foreign Affairs drops a hint discreetly to the embassy in question, and the person leaves the country without attracting the attention of the mass media, as a rule.

Unusual Step

The other cause is various kinds of conscious law-breaking--often in connection with espionage. During the postwar period, diplomats from Warsaw Pact countries have been the ones involved, almost without exception. However, an American diplomat was expelled in the early 1950's. It was felt that he showed too much interest in how Sweden conformed to the American embargo policy toward the Soviet Union. While diplomats are rarely expelled, they are almost never declared persona non grata. That happened in 1963 when Military Attache Bananovski, the contact man for the spy, Colonel Stig Wennerstrom, was expelled. But neither the Russian attache Yuri Syebanov nor the Russian consul Albert Liepa was declared persona non grata when they were expelled. And Syebanov had even tried to kidnap a defector in 1971 and Liepa had spied on exiled Balts in Sweden.

The persona non grata brand probably means that both diplomats had spied on very sensitive parts of Swedish industry. Their espionage is believed to have been concentrated on the Goteborg area. There are Ericsson and Saab-Scania branches there, both of which produce electronics for the Swedish armed forces.

Saab-Scania produces components for the Biggen aircraft and Ericsson's military industrial section is engaged in work on the JAS project. Both branches also are working on the infrared technical equipment that is used in the cameras the Swedish Air Force has in its Biggen aircraft. The department for infrared technology is described by one of the employees at Saab-Scania as "a completely closed-off world inside that enterprise."

Representatives of the two enterprises deny that they were the targets of espionage in the case in question, but Saab-Scania's chief of security for the entire concern, Rolf Dolk, has told 7 DAGAR:

"As a high-technology concern, we have to expect that competitors, as well as other countries, will constantly be interested in what we are doing. Industrial espionage used to be simpler. One bought products, took them apart and copied them. Today it is not enough to copy a component or a product. Knowledge of the system is also necessary to be able to make use of components of products."

Knowledge of a system is not always available in open technical literature. It is often kept secret by just a few engineers and in documents that are concealed in the enterprise's vault room. Obtaining that knowledge saves both time and money which otherwise would have to be invested in research work.

In Pursuit of Chips

According to many experts, the Soviet Union, on the whole, does not have the capability to develop advanced practical electronics systems. In spite of complicated space projects and outstanding weapons technology, it will be some time before scientists who actually are very competent will be able to put their knowledge to practical use.

Chip technology--the reduction of electronic circuits with thousands of functions to pieces of millimeter size--is something the Soviets have not mastered, for example. According to Dragan Jovius, a Swedish expert on Soviet espionage and technology, Soviet satellites and space rockets continue to fly around equipped with electronic tubes--a type of component the Americans stopped using in the 1960's.

The result has been an indiscreet Soviet interest in all enterprises which produce advanced electronics. It may seem unbelievable that well-paid Swedish technicians with special knowledge let themselves be enticed by Soviet infiltrators, for example. But according to Jovius the infiltration work is carefully planned.

There naturally is no information on how frequently attempts at infiltration are made and how often they are successful, but the fact that they do occur--obviously with varying success--is shown by the spy story in question.

According to Jovius, the motive for Soviet industrial espionage is not commercial. Stolen or purchased electronic products disappear in the Soviet military industrial complex. As an example, Jovius mentions the navigational equipment for the Soviet medium-range SS 20 missiles. American military experts suspect that the SS 20's fantastic precision is the result of electronic products stolen from the West. Neither the former medium-range missiles nor the present inter-continental missiles have the same precision as the SS 20.

Jovius asserts that the Soviets are using what originally was a medical instrument to analyze the stolen or purchased chips of millimeter size. Layer by layer, as big as a thousandth of a millimeter, the circuit is peeled off and photographed with an electron microscope. But the Datasaab affair about which much has been written shows that it is not enough for the Russians to have the component. They also have to know how to use it.

The extractor cards of current interest in the Datasaab case were intended for the purpose of being able to distinguish military flying objects from civilian aircraft on a radar screen.

In fact, the enterprise got a big Russian order for three flight controller systems on three civilian airfields. Russian technicians were taught by Swedes

how the complicated technical equipment should be used in radar identification, but when the entire system was to be installed it was as if the Russian technicians had vanished. There is much to indicate that the Swedish engineers, who thought they were teaching civilian Aeroflot technicians, were actually training members of the Russian military service. But the biggest problem was not the fact that the Swedish then had to take care of the task of installation themselves, but that the extractor cards were American components...

The West Is Protecting Its Technical Equipment

The technological, scientific and industrial lead the United States and the western world have over the East gives them both economic and military advantages which the Americans are not willing to give up. Ever since World War II the United States has restricted its technological exports with very strict rules to avoid having advanced technology end up in the wrong hands.

It is still doing so. There have always been strong economic reasons for various countries and industrial enterprises to try to circumvent the American embargo policy, which is being further intensified under the Reagan administration.

The sanctions which it is possible for the United States to apply are those involving the cutting off of sensitive components from the countries and enterprises which have broken the American rules.

That is an effective sanction. Particularly in the field of microelectronics, the other western countries are heavily dependent on American technology and American components. For example, for Sweden to be able to maintain a sophisticated defense industry of its own for the JAS project, missile development, etc., it must have an influx of American technology.

Thus, the expulsion of the two Soviet diplomats was not merely intended to give a signal to the Soviet Union "in the only language the Russians can understand." It was also just as much a signal to the rest of the world that Sweden is not careless with the advanced technology we purchase abroad and develop ourselves in this country.

When the American secretary of defense, Caspar Weinberger, visited Sweden last year, he did so, among other things, to make it clear that the United States has still not forgotten how Datasaab, which is partly run by the state, handled the American radar components.

When, on the Thursday before Christmas, the head of the political department of the Ministry of Foreign Affairs called in the Soviet ambassador, Boris Pankin, and informed him of Sweden's decision to carry out the expulsion, he also was sending a Christmas message to the American administration at the same time. It said, "We know what is expected of us. You can count on us."